

# LOGAN

龙光集团



Interim Report 2023

## LOGAN GROUP Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3380)



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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Kei Hoi Pang (紀海鵬) (*Chairman*)  
Mr. Lai Zhuobin (賴卓斌) (*Chief Executive Officer*)  
Mr. Xiao Xu (肖旭)  
Mr. Zhong Huihong (鍾輝紅)  
Ms. Huang Xiangling (黃湘玲)

### Independent Non-executive Directors

Mr. Zhang Huaqiao (張化橋)  
Ms. Liu Ka Ying, Rebecca (廖家瑩)  
Mr. Cai Suisheng (蔡穗聲)  
Dr. Liu Yongping (劉勇平)

## AUDIT COMMITTEE

Ms. Liu Ka Ying, Rebecca (*Chairman*)  
Mr. Cai Suisheng  
Mr. Zhang Huaqiao

## REMUNERATION COMMITTEE

Mr. Zhang Huaqiao (*Chairman*)  
Mr. Kei Hoi Pang  
Ms. Liu Ka Ying, Rebecca

## NOMINATION COMMITTEE

Mr. Kei Hoi Pang (*Chairman*)  
Mr. Zhang Huaqiao  
Ms. Liu Ka Ying, Rebecca

## COMPANY SECRETARY

Ms. Li Yan Wing, Rita

## AUDITOR

Prism Hong Kong and Shanghai Limited  
*Certified Public Accountants and Registered  
Public Interest Entity Auditor*

## REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 2002, Tower B, Logan Century Center  
Xinghua Road South  
Bao'An District  
Shenzhen, China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit Nos. 02-03A, Level 68  
International Commerce Centre  
1 Austin Road West  
Hong Kong

## COMPANY'S WEBSITE

<http://www.logangroup.com>

## AUTHORIZED REPRESENTATIVES

Mr. Lai Zhuobin  
Ms. Li Yan Wing, Rita

## PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HONG KONG SHARE REGISTRAR

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

## PRINCIPAL BANKER

Industrial and Commercial Bank of China (Asia) Limited

## LISTING INFORMATION

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 3380.HK)

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of the Company, I hereby present the interim results of the Group for the six months ended 30 June 2023.

In the first half of 2023, facing the complicated and changing international environments, China's central government has coordinated efforts to promote economic development and continued to expand domestic effective demand through various effective measures. China's GDP increased steadily by 5.5%. China's real estate industry is still in an adjustment cycle. China's national real estate development investment was RMB5,855 billion, representing a year-on-year decrease of 7.9%. Among them, residential investment was RMB4,443.9 billion, down by 7.3% year-on-year. The sales area of commercial housing was 595.15 million square meters, representing a year-on-year decrease of 5.3%, of which the sales area of residential buildings decreased by 2.8% year-on-year.

With complicated situations in both China and abroad, the recovery in confidence of China's real estate industry is slow. Facing industry challenges, the Group strengthened its strategic focus, responded proactively, and spared no effort in stabilizing operations, ensuring property deliveries, promoting sales, capturing cash inflows, and controlling costs and expenses, so as to maintain production and operation stability and the stability of the core team. In the first half of the year, the Group completed delivery of more than 40 batches of projects and nearly 24,000 units, demonstrating the Company's proactive efforts and sense of responsibility amidst industry challenges.

In the first half of 2023, the Group continued to focus on differentiated high-quality products and continuously improved product innovation. It won three awards at the Idea-Tops Award, known as the "Oscars" in international space design, namely the Exhibition Design City Top 10 Award received by Shenzhen Logan • One Splendid Park (深圳龍光 • 錦繡公園壹號), and the Community Landscape Design Global Top 5 Award and a Commercial Architectural Design Finalist Award received by Shantou Logan • Fairyland Coastal Garden (汕頭龍光 • 天境海岸花園).

On 3 February 2023, Morgan Stanley Capital International (MSCI), the world's largest index company, released its latest ESG rating report, where the Group was upgraded from "BBB" to "A". This is the third consecutive rating upgrade for the Group, placing it among the top in the real estate industry. On 24 February 2023, the Group was included as a constituent stock of the Hang Seng Composite Index, and was selected as a constituent stock of the "Hong Kong Stock Connect" of the Shenzhen and Shanghai Stock Exchanges in March, meeting the standards of mainstream institutional investors in terms of market capitalization and liquidity indicators.

The Group's onshore open market debt extension was completed in December 2022, and the Group is actively promoting the process of the offshore holistic liability management solutions. The Group will continue to actively communicate with all creditors and treat all creditors fairly. After the approval and implementation of the offshore holistic liability management solutions, the Group will be able to ease the pressure of onshore and offshore debt repayment, facilitate a virtuous cycle of production and operation of property development business, improve the capital structure, realize the potential value of assets, enhance the Group's operating cash flow, and safeguard the interests of the Group's onshore and offshore creditors and relevant stakeholders.

## CHAIRMAN'S STATEMENT

In July 2023, China's central government continued to introduce policies to promote the stable and healthy development of the private-sector economy and the real estate industry. At the meeting of the Political Bureau of the CPC Central Committee, it was pointed out that, in order to adapt to the new situation of major changes in the relationship between supply and demand in China's real estate market, real estate related policies should be adjusted and optimized in a timely manner, and various types of idle properties should be revitalized and transformed. The State Council issued policies including "Opinions on Promoting the Development and Growth of the Private Economy" and "Guiding Opinions on Actively and Steadily Promoting the Transformation of Urban Villages in Super-large and Mega-cities". As a listed private enterprise, the Group will actively respond to the national policy call for promoting the development and growth of the private-sector economy, resolutely fulfill the Group's mission and corporate responsibility, continue to improve product qualities and service capabilities.

On behalf of the Board, I would like to take this opportunity to express my heartfelt thanks to all shareholders, investors, partners, customers and the community for your trust and support. The Group will continue to work hard in the future, follow the development values of transparency, health and fairness, actively respond to new situations and new cycles of the property industry.

**Kei Hoi Pang**

*Chairman*

Hong Kong

30 August 2023

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Overall Review

For the six-month period ended 30 June 2023, the revenue of the Group was RMB13,859.0 million, representing an increase of approximately 9.7% as compared with the corresponding period of 2022. Loss for the Period amounted to RMB1,760 million.

### Property Development

#### Contracted sales

In the first half of 2023, the Company continued to utilize its market advantages in the Greater Bay Area and Yangtze River Delta Region and achieved sales performance to a certain extent. For the Period, the Group attained contracted sales of approximately RMB12,453.8 million. For the contracted sales in the first half of 2023, Greater Bay Area, Yangtze River Delta Region, Southwest Region, Singapore and other regions accounted for approximately 34.8%, 24.9%, 17.2%, 0% and 23.1%, respectively. The contracted sales were mainly generated from Greater Bay Area, Yangtze River Delta Region and Southwest Region. In the second half of 2023, the key projects intended to be launched by the Group include Shenzhen Logan • One Splendid Park (深圳龍光•錦繡公園壹號), Shenzhen Jiurong Mansion (深圳玖榕府) and Huizhou Logan City (惠州龍光城).

Region	Contracted sales in the first half of 2023				
	Amount (RMB million)	Percentage	Total GFA <sup>1</sup> (sq.m.)	Percentage	ASP <sup>1</sup> (RMB/sq.m.)
Greater Bay Area	4,338	34.8%	237,959	29.2%	17,855
Yangtze River Delta Region	3,095	24.9%	130,779	16.0%	23,618
Southwest Region	2,148	17.2%	163,449	20.0%	12,964
Singapore	0	0%	0	0%	0
Other regions	2,873	23.1%	283,277	34.8%	9,753
<b>Total</b>	<b>12,454</b>	<b>100%</b>	<b>815,464</b>	<b>100%</b>	<b>14,984</b>

Note:

1. Excluding car parking spaces

## MANAGEMENT DISCUSSION AND ANALYSIS

### Newly commenced projects

In the first half of 2023, the Group commenced construction of a total of 5 projects or new project phases with a total planned GFA of approximately 0.36 million sq.m..

### Completed projects

In the first half of 2023, the Group completed 41 projects or project phases with a total planned GFA of approximately 3.39 million sq.m..

### Developing projects

As at 30 June 2023, the Group had a total of 101 projects or project phases under construction with a total planned GFA of approximately 18.76 million sq.m..

### Land Reserves

For the six months ended 30 June 2023, the Group did not acquire any new projects through public tendering, auction or listing.

### Land reserves as at 30 June 2023

	GFA (sq.m.)	Percentage
Greater Bay Area	13,054,907	48.2%
Southwest Region	6,357,957	23.5%
Yangtze River Delta Region	2,083,610	7.5%
Singapore	19,321	0.1%
Other Regions	5,552,426	20.7%
<b>Total</b>	<b>27,068,221*</b>	<b>100.0%</b>

Note: \* Represents land bank available for development in the short to medium term.



## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

## Performance Highlights

	For the six-month period ended 30 June		
	2023	2022	Changes
	RMB'000	RMB'000	%
<b>Revenue</b>	<b>13,859,041</b>	12,629,410	9.7
Among which: Property development	<b>13,698,810</b>	12,501,036	9.6
Property operation income	<b>160,231</b>	128,374	24.8
<b>Gross (loss)/profit</b>	<b>(865,513)</b>	1,757,931	-149.2
<b>(Loss)/profit for the year</b>			
– Attributable to equity shareholders	<b>(1,912,641)</b>	(540,565)	253.8
– Attributable to non-controlling shareholders	<b>152,744</b>	(170,623)	189.5
– Total	<b>(1,759,897)</b>	(711,188)	147.5
	30 June	31 December	Changes
	2023	2022	
	RMB'000	RMB'000	
<b>Total assets</b>	<b>269,334,768</b>	278,321,567	-3.2
<b>Cash and bank balances</b>	<b>14,318,287</b>	14,101,705	1.5
<b>Total equity</b>	<b>42,029,725</b>	51,869,650	-19.0
<b>Total equity attributable to equity shareholders</b>	<b>33,802,542</b>	36,782,728	-8.1
<b>Key financial ratios</b>			
Gross profit margin <sup>(1)</sup>	<b>8.2%</b>	13.9%	
Asset/liability ratio <sup>(2)</sup>	<b>80.4%</b>	76.6%	

Notes:

(1) Gross profit margin: Gross profit adjusted for impairment provision for inventory ÷ Revenue × 100%

(2) Asset/liability ratio: Total liabilities deducting contract liabilities ÷ Total assets deducting contract liabilities × 100%

## MANAGEMENT DISCUSSION AND ANALYSIS

## (I) Revenue

Revenue of the Group for the six-month period ended 30 June 2023 amounted to approximately RMB13,859.0 million, representing an increase of approximately RMB1,229.6 million, or approximately 9.7%, as compared with the corresponding period of 2022, primarily due to the increase in revenue from property development as compared to the corresponding period of 2022. Revenue from property development for the six-month period ended 30 June 2023 amounted to approximately RMB13,698.8 million, representing an increase of approximately 9.6% as compared to RMB12,501.0 million in the corresponding period of 2022. Greater Bay Area, Southwest Region, Yangtze River Delta Region, Singapore and other regions contributed to the revenue from property development in the first half of 2023, accounting for 48.8%, 30.7%, 13.5%, 4.4% and 2.6%, respectively.

**Revenue from property development  
as at 30 June 2023**

	Amount (RMB Million)	Percentage
Greater Bay Area	6,686	48.8%
Southwest Region	4,202	30.7%
Yangtze River Delta Region	1,850	13.5%
Singapore <sup>1</sup>	604	4.4%
Other regions	357	2.6%
<b>Total</b>	<b>13,699</b>	<b>100%</b>

1 Goods transferred over time

## (II) Cost of sales

The cost of sales of the Group for the six-month period ended 30 June 2023 increased by approximately RMB3,853.1 million to RMB14,724.6 million, or approximately 35.4%, as compared with the corresponding period of 2022, primarily due to the increase in the delivered area as compared with the corresponding period of 2022. In addition, the Group has made an inventory impairment provision of approximately RMB2,000.0 million due to the sharp decline in the industry in 2023. Key components of costs are as follows:

	<b>For the six-month period ended 30 June</b>		
	<b>2023</b>	2022	Changes
	<b>RMB'000</b>	RMB'000	%
Total cost of sales	<b>14,724,554</b>	10,871,479	35.4%
— Property development	<b>14,710,871</b>	10,849,280	35.6%
— Property operation	<b>13,683</b>	22,199	-38.4%

**MANAGEMENT DISCUSSION AND ANALYSIS****(III) Selling and marketing expenses and administrative expenses**

The selling and marketing expenses of the Group for the six-month period ended 30 June 2023 amounted to approximately RMB480.5 million (the corresponding period of 2022 was approximately RMB692.9 million). The relevant selling and marketing expenses decreased by approximately 30.7% as compared with the corresponding period of 2022.

The administrative expenses of the Group for the six-month period ended 30 June 2023 amounted to approximately RMB437.6 million (the corresponding period of 2022 was approximately RMB680.7 million), representing an decrease of approximately 35.7% as compared with the corresponding period of 2022. The decrease was primarily due to the decrease in staff costs.

**(IV) Finance costs**

The net finance costs of the Group for the six-month period ended 30 June 2023 decreased to approximately RMB586.8 million (the corresponding period of 2022 was approximately RMB734.5 million).

**(V) Tax**

Taxes of the Group for the six-month period ended 30 June 2023 mainly included corporate income tax ("CIT") and land appreciation tax ("LAT"). Taking into account the impact of the relevant changes in deferred tax, the net LAT amounted to approximately RMB191.7 million, while the net CIT represented a reversal of RMB597.9 million.

**(VI) Liquidity and financial resources**

As at 30 June 2023, total assets of the Group amounted to approximately RMB269,334.8 million (31 December 2022: approximately RMB278,321.6 million), of which current assets amounted to approximately RMB208,288.7 million (31 December 2022: approximately RMB215,252.5 million). Total liabilities amounted to approximately RMB227,305.0 million (31 December 2022: approximately RMB226,451.9 million), of which non-current liabilities amounted to approximately RMB46,110.5 million (31 December 2022: approximately RMB45,433.5 million). Total equity amounted to approximately RMB42,029.7 million (31 December 2022: approximately RMB51,869.7 million), of which total equity attributable to owners of the parent amounted to RMB33,802.5 million (31 December 2022: approximately RMB36,782.7 million).

As at 30 June 2023, certain of the Group's bank and other loans are secured by the Group's equity interests in certain subsidiaries, bank deposits, land and buildings, investment properties, properties held for development for sale, properties under development for sale and completed properties for sale and other receivables.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the directors (the "Directors") and chief executives of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set forth in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

#### (i) Interest in Shares of the Company

Name of Director	Nature of Interest	Number of Shares <sup>(1)</sup>	Underlying Shares Interested <sup>(2)</sup>	Aggregate interests	Approximate Percentage of Issued Share Capital <sup>(4)</sup>
Mr. Kei Hoi Pang	Beneficiary of a family trust <sup>(3)</sup>	3,401,600,000 (L)	—	3,401,600,000	59.83%
	Deemed interest <sup>(3)</sup>	851,281,250 (L)	—	851,281,250	14.97%
	Beneficial owner	8,200,000 (L)	8,000,000	16,200,000	0.28%
Mr. Lai Zhuobin	Beneficial owner	2,606,250 (L)	2,800,000	5,406,250	0.10%
Mr. Xiao Xu	Beneficial owner	2,793,750 (L)	2,800,000	5,593,750	0.10%
Mr. Zhong Huihong	Beneficial Owner	—	882,000	882,000	0.02%
Ms. Huang Xiangling	Beneficial owner	—	2,602,000	2,602,000	0.05%

Notes:

- (1) The letter "L" denotes the person's long position in the shares of the Company (the "Shares").
- (2) The number of shares represents the Shares in which the Directors are deemed to be interested as a result of holding share options.
- (3) Mr. Kei Hoi Pang is a beneficiary of the family trust, and therefore interested in the Shares held by Junxi Investments Limited. He is also considered to be interested in the Shares in which Ms. Kei Perenna Hoi Ting is interested.
- (4) The percentage is calculated based on the total number of 5,685,407,450 Shares in issue as at 30 June 2023.

#### (ii) Interest in Debentures of the Company

Name of Director	Capacity in which the debentures are held	Amount of debentures (in US\$)
Mr. Kei Hoi Pang	Interest of a controlled corporation <sup>(1)</sup>	20,000,000 <sup>(2)</sup>

## OTHER INFORMATION

Notes:

- (1) The entire issued share capital of Prance Thrive Limited, the company which holds the debentures, is owned by Mr. Kei Hoi Pang.
- (2) The US\$20,000,000 debentures held by Mr. Kei Hoi Pang represents his interest in the US\$450,000,000 5.25% senior notes due 2023 issued by the Company.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2023, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of Interest	Number of Shares and underlying Shares <sup>(1)</sup>	Approximate Percentage of the Company's Issued Share Capital <sup>(5)</sup>
Mr. Kei Hoi Pang	Beneficiary of a family trust <sup>(2)</sup>	3,401,600,000 (L)	59.83%
	Deemed interest <sup>(2)</sup>	851,281,250 (L)	14.97%
	Beneficial owner	16,200,000 (L)	0.28%
Ms. Kei Perenna Hoi Ting	Interest of controlled corporations <sup>(3)</sup>	850,000,000 (L)	14.95%
	Beneficial owner <sup>(3)</sup>	3,081,250 (L)	0.05%
Brock Nominees Limited <sup>(4)</sup>	Nominee	3,401,600,000 (L)	59.83%
Credit Suisse Trust Limited <sup>(4)</sup>	Trustee	3,401,600,000 (L)	59.83%
Junxi Investments Limited <sup>(4)</sup>	Beneficial owner	3,401,600,000 (L)	59.83%
Kei Family United Limited <sup>(4)</sup>	Interest of a controlled corporation	3,401,600,000 (L)	59.83%
Tenby Nominees Limited <sup>(4)</sup>	Nominee	3,401,600,000 (L)	59.83%
Dragon Jubilee Investments Limited	Beneficial owner	425,000,000 (L)	7.48%

## OTHER INFORMATION

Notes:

- (1) The letter “L” denotes the person’s long position in Shares.
- (2) Mr. Kei Hoi Pang is a beneficiary of the family trust, and therefore interested in the Shares held by Junxi Investments Limited. He is also considered to be interested in the Shares in which Ms. Kei Perenna Hoi Ting is interested.
- (3) Ms. Kei Perenna Hoi Ting is indirectly interested in the Company through Dragon Jubilee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively approximately 850,000,000 shares of the Company. She also holds 1,281,250 shares and 1,800,000 share options of the Company.
- (4) The family trust is interested in the entire interest of Kei Family United Limited, which in turns hold the entire interest in Junxi Investments Limited. Kei Family United Limited is owned as to 50% by each of Brock Nominees Limited and Tenby Nominees Limited, which hold the Shares on behalf of Credit Suisse Trust Limited as trustee.
- (5) The percentage is calculated based on the total number of 5,685,407,450 Shares in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, no person, other than the Directors and chief executives of the Company, whose interests are set out in the section headed “Directors’ and Chief Executives’ Interests and/or Short Positions in Shares, Underlying Shares or Debentures of the Company or any of its Associated Corporations” of this report above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## INTERIM DIVIDEND

The Board resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2023.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and enhance corporate value. The Company’s corporate governance practices are based on the principles and code provisions of the Corporate Governance Code (the “CG Code”) contained in Part 2 of Appendix 14 of the Listing Rules.

The Company has applied the principles and complied with all the applicable code provisions as set out in the CG Code throughout the six months ended 30 June 2023.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry with all directors, the Company confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2023.

The Company has also adopted the principles and rules of the Model Code as written guidelines for relevant employees in respect of their dealings in the securities of the Company (the “Employees Written Guidelines”). No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the six months ended 30 June 2023.

## OTHER INFORMATION

**CHANGE IN INFORMATION OF DIRECTOR**

Pursuant to Rule 13.51(B) of the Listing Rules, the change in information of Director subsequent to the date of the 2022 annual report of the Company is as follow:

<b>Name of Director</b>	<b>Details of Change</b>
Ms. Liu Ka Ying, Rebecca	Appointed as an independent non-executive director and a member of the audit committee of Paradise Entertainment Limited (Stock Code: 1180) with effect from 28 March 2023.

**AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The audit committee of the Company has reviewed, with no disagreement, with the Company's management, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023.

**CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES****2019 Facility Agreement**

On 24 January 2019, the Company as borrower entered into a facility agreement with certain banks as lenders for a term loan facility of HK\$1,610,000,000 (the "2019 Facility Agreement"), which may be increased to not more than HK\$2,500,000,000 in accordance with the terms of the 2019 Facility Agreement at an interest rate of HIBOR plus 3.95% per annum. The facility has to be fully repaid within 42 months after the date of the 2019 Facility Agreement. On 15 July 2019, term loan facility has been increased by HK\$150,000,000 to HK\$1,760,000,000. On 25 July 2022, a letter agreement was entered into whereby the final maturity date of the term loan facility was extended to 24 January 2023. The parties to the 2019 Facility Agreement are in negotiation for a further extension of the maturity date.

Pursuant to the 2019 Facility Agreement, it shall constitute an event of default if (i) Ms. Kei Perenna Hoi Ting, her spouse and any of her child under the age of 18 years old, collectively do not or cease to beneficially own, direct or indirect, at least 51% of the beneficial shareholding interest in the issued share capital of, and carrying at least 51% of all the voting rights in, the Company, such shareholding interest and voting rights being free from any security; (ii) Mr. Kei Hoi Pang does not or ceases to have management control of the Company or the Group and/or control over the business of the Group; or (iii) any person other than any one of Mr. Kei Hoi Pang and Mr. Ji Jiande is or becomes the chairman of the Company. Upon and at any time after the occurrence of an event of default, the lenders may cancel all or any parts of their commitments and declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents be immediately due and payable.

As at 30 June 2023, the term loan facility of HK\$880,000,000 remained outstanding.

**2020 Facility Agreement**

On 8 April 2020, the Company as borrower entered into a facility agreement with certain banks as lenders pursuant to which a dual currency USD and HKD term loan facility of HK\$2,525,640,000 equivalent (with green shoe option of up to HK\$770,000,000) (the "2020 Facility Agreement"). The facility has to be fully repaid within 36 months after the date of the 2020 Facility Agreement. The parties to the 2020 Facility Agreement are in negotiation for a further extension of the maturity date.

Pursuant to the 2020 Facility Agreement, if (i) Ms. Kei Perenna Hoi Ting and her family collectively ceases to own, directly or indirectly, more than 50 per cent. of the Company's total issued share capital, free from any security; and/or (ii) Mr. Kei Hoi Pang and his family ceases to maintain control of the Group's business, if the majority lenders under the facilities so require, the Company shall prepay the facilities in full within the time specified under the 2020 Facility Agreement.

## OTHER INFORMATION

As at 30 June 2023, the term loan facility of HKD780,000,000 and USD223,880,000 remained outstanding.

The Company will continue to make relevant disclosure in its subsequent interim and annual reports of the Company pursuant to Rule 13.21 of the Listing Rules for as long as circumstances giving rise to the obligation under Rule 13.18 of the Listing Rules continue to exist.

Save as disclosed above, as at 30 June 2023, the Company did not have other disclosure obligations under Rule 13.18 of the Listing Rules.

## SHARE OPTION SCHEME

No share option has been granted nor exercised during the six months ended 30 June 2023. Details of movements for the six months ended 30 June 2023 in the number of share options are set out below:

Name of grantee	Date of grant	Exercise price (HK\$)	Number of share options				Outstanding as at 30 June 2023	Approximate percentage of total issued share capital <sup>(1)</sup>	Exercise period	Closing price of the securities immediately before the date on which the options were offered (HK\$)
			Outstanding as at 1 January 2023	Granted from 1 January 2023 to 30 June 2023	Exercised from 1 January 2023 to 30 June 2023	Cancelled/ Lapsed from 1 January 2023 to 30 June 2023				
<b>Name of Director</b>										
Mr. Kei Hoi Pang	25 August 2017	7.43	8,000,000	—	—	—	8,000,000	0.14%	25 August 2017 to 24 August 2027 <sup>(2)</sup>	7.34
Mr. Lai Zhuobin	25 August 2017	7.43	2,800,000	—	—	—	2,800,000	0.05%	25 August 2017 to 24 August 2027 <sup>(2)</sup>	7.34
Mr. Xiao Xu	25 August 2017	7.43	2,800,000	—	—	—	2,800,000	0.05%	25 August 2017 to 24 August 2027 <sup>(2)</sup>	7.34
Mr. Zhong Huihong	22 October 2018	7.64	882,000	—	—	—	882,000	0.02%	22 October 2018 to 21 October 2028 <sup>(4)</sup>	7.33
Ms. Huang Xiangling	25 August 2017	7.43	2,602,000	—	—	—	2,602,000	0.05%	25 August 2017 to 24 August 2027 <sup>(2)</sup>	7.34
<b>Total number held by Directors</b>	25 August 2017	7.43	<b>16,202,000</b>	—	—	—	<b>16,202,000</b>	0.28%	25 August 2017 to 24 August 2027 <sup>(2)</sup>	7.34
	22 October 2018	7.64	<b>882,000</b>	—	—	—	<b>882,000</b>	0.02%	22 October 2018 to 21 October 2028 <sup>(4)</sup>	7.33
<b>Name of Substantial Shareholder</b>										
Ms. Kei Perenna Hoi Ting	25 August 2017	7.43	1,800,000	—	—	—	1,800,000	0.03%	25 August 2017 to 24 August 2027 <sup>(2)</sup>	7.34
<b>Total number held by Substantial Shareholder</b>	25 August 2017	7.43	<b>1,800,000</b>	—	—	—	<b>1,800,000</b>	0.03%	25 August 2017 to 24 August 2027 <sup>(2)</sup>	7.34
<b>Total number held by Employees</b>										
	25 August 2017	7.43	<b>23,740,000</b>	—	—	<b>702,000</b>	<b>23,038,000</b>	0.41%	25 August 2017 to 24 August 2027 <sup>(2)</sup>	7.34
	8 June 2018	12.50	<b>23,357,000</b>	—	—	<b>1,407,000</b>	<b>21,950,000</b>	0.39%	8 June 2018 to 7 June 2028 <sup>(3)</sup>	12.44
	22 October 2018	7.64	<b>12,300,000</b>	—	—	<b>1,100,500</b>	<b>11,199,500</b>	0.20%	22 October 2018 to 21 October 2028 <sup>(4)</sup>	7.33
	28 June 2019	12.64	<b>4,145,500</b>	—	—	<b>572,000</b>	<b>3,573,500</b>	0.06%	28 June 2019 to 27 June 2029 <sup>(5)</sup>	12.56
	12 June 2020	13.08	<b>3,092,000</b>	—	—	<b>433,000</b>	<b>2,659,000</b>	0.05%	12 June 2020 to 11 June 2030 <sup>(6)</sup>	13.02



## OTHER INFORMATION

## Notes:

- (1) The percentage is calculated based on the total number of 5,685,407,450 Shares in issue as at 30 June 2023.
- (2) The share options are exercisable within a period of 10 years from 25 August 2017 and subject to the following vesting schedule and performance review:
  - (i) up to 25% of the share options granted after the expiration of 36 months from 25 August 2017;
  - (ii) up to another 25% of the share options granted after the expiration of 48 months from 25 August 2017;
  - (iii) up to another 25% of the share options granted after the expiration of 60 months from 25 August 2017; and
  - (iv) all the remaining share options granted after the expiration of 72 months from 25 August 2017.
- (3) The share options are exercisable within a period of 10 years from 8 June 2018 and subject to the following vesting schedule and performance review:
  - (i) up to 33.3% of the share options granted to each grantee at any time after the expiration of 36 months from 8 June 2018;
  - (ii) up to 33.3% of the share options granted to each grantee at any time after the expiration of 48 months from 8 June 2018; and
  - (iii) the remaining of the share options granted to each grantee at any time after the expiration of 60 months from 8 June 2018.
- (4) The share options are exercisable within a period of 10 years from 22 October 2018 and subject to the following vesting schedule and performance review:
  - (i) up to 33.3% of the share options granted to each grantee at any time after the expiration of 36 months from 22 October 2018;
  - (ii) up to 33.3% of the share options granted to each grantee at any time after the expiration of 48 months from 22 October 2018; and
  - (iii) the remaining of the share options granted to each grantee at any time after the expiration of 60 months from 22 October 2018.
- (5) The share options are exercisable within a period of 10 years from 28 June 2019 and subject to the following vesting schedule and performance review:
  - (i) for some grantees, up to 33.3% of their share options granted at any time after the expiration of 36 months from the date of grant and up to 66.7% of their share options granted at any time after the expiration of 48 months from the date of grant; and
  - (ii) for the remaining grantees, up to 50% of their share options granted at any time after the expiration of 36 months from the date of grant and up to 50% of their share options granted at any time after the expiration of 48 months from the date of grant.
- (6) The share options are exercisable within a period of 10 years from the 12 June 2020 and will be vested after the expiration of 36 months from 12 June 2020.

Given that as mentioned above, no share option has been granted during the six months ended 30 June 2023, it is not applicable for the Company to set out the number of Shares that may be issued in respect of the Share Option Scheme during the six months ended 30 June 2023 divided by the weighted average number of Shares of the relevant class in issue for the six months ended 30 June 2023.

## OTHER INFORMATION

As at 1 January 2023 and 30 June 2023, the number of options available for grant under the Share Option Scheme was 280,095,250 and 284,309,750 respectively.

### SHARE AWARD SCHEME

A share award scheme (the “Share Award Scheme”) was adopted by the Company on 13 May 2020 (the “Adoption Date”). Unless early termination as determined by the Board pursuant to the Share Award Scheme, it shall be valid and effective for a term of 15 years commencing on the Adoption Date, subject to any extension of the period by the Board. As at the date of this interim report, the Share Award Scheme will have a remaining term of approximately 11.5 years. The purpose of the Share Award Scheme is (i) to promote the effective realization of the medium and long-term performance growth targets of the Group; (ii) to promote the long-term sustainable growth in the shareholder value of the Group; and (iii) to attract outstanding talents in the industry and to motivate and retain outstanding key talents of the Group with rewards and incentives.

The Share Award Scheme is a share scheme that is funded by existing shares of the Company. The Share Award Scheme will continue to operate in accordance with the “Transitional arrangements for share schemes existing as at 1 January 2023” set out in the attachment to Frequently Asked Questions No. 083–2022 to 101–2022 published by the Stock Exchange.

According to the Share Award Scheme, Shares up to 3% of the issued share capital of the Company (from time to time) may be purchased by the trustee from the market and be held on trust for the relevant selected participants until the award shares (“Award Shares”) are vested with the relevant selected participants in accordance with the provisions of the Share Award Scheme. Up to 30 June 2023, the Company had through the trustee purchased a total of 158,230,000 Shares from the market, none of such Shares was purchased in the six months ended 30 June 2023.

Since the Adoption Date, no Award Shares had been granted. Given that as at the date of this interim report, the Company has not granted any Award Shares under the Share Award Scheme, it is not applicable for the Company to set out any details of the grant in accordance with Rule 17.07(1) of the Listing Rules. It is also not applicable for the Company to set out the number of Shares that may be issued in respect of options and awards granted under both the Share Option Scheme and the Share Award Scheme during the six months ended 30 June 2023 divided by the weighted average number of Shares of the relevant class in issue for the six months ended 30 June 2023. There was a maximum of 170,562,223 Shares which may be granted under the Share Award Scheme as at 1 January 2023 and 30 June 2023 respectively.

# INDEPENDENT REVIEW REPORT



## TO THE SHAREHOLDERS OF LOGAN GROUP COMPANY LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the interim financial information of Logan Group Company Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 19 to 64, which comprises the condensed consolidated statement of financial position as at 30 June 2023 and the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

## INDEPENDENT REVIEW REPORT

### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 1 to the interim financial information. The events and conditions stated in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

#### **Prism Hong Kong and Shanghai Limited**

*Certified Public Accountants*

#### **Lee Kwok Lun**

Practising Certificate Number: P06294

Hong Kong

30 August 2023

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Revenue</b>	4	<b>13,859,041</b>	12,629,410
Cost of sales		<b>(14,724,554)</b>	(10,871,479)
<b>Gross (loss)/profit</b>		<b>(865,513)</b>	1,757,931
Other income and gains	4	<b>339,660</b>	143,603
Other expenses		<b>(36,858)</b>	(332,543)
Selling and marketing expenses		<b>(480,473)</b>	(692,944)
Administrative expenses		<b>(437,579)</b>	(680,657)
Fair value gains on investment properties, net	10	<b>52,028</b>	269,798
Fair value losses on derivative financial instruments, net		—	(4,082)
Share of losses of associates and joint ventures, net		<b>(115,425)</b>	(148,541)
<b>(Loss)/profit from operations</b>		<b>(1,544,160)</b>	312,565
Finance costs	5	<b>(586,767)</b>	(734,486)
<b>Loss before tax</b>	6	<b>(2,130,927)</b>	(421,921)
Income tax credit/(expense)	7	<b>371,030</b>	(289,267)
<b>Loss for the period</b>		<b>(1,759,897)</b>	(711,188)
Attributable to:			
— Owners of the parent		<b>(1,912,641)</b>	(540,565)
— Non-controlling interests		<b>152,744</b>	(170,623)
		<b>(1,759,897)</b>	(711,188)
<b>Loss per share attributable to ordinary equity holders of the parent (RMB cents)</b>	8		
— Basic		<b>(34.60)</b>	(10.90)
— Diluted		<b>(34.60)</b>	(10.90)

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
<b>Loss for the period</b>	<b>(1,759,897)</b>	(711,188)
<b>Other comprehensive expense</b>		
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>(998,204)</b>	(913,633)
<b>Total comprehensive expense for the period</b>	<b>(2,758,101)</b>	(1,624,821)
Attributable to:		
Owners of the parent	<b>(2,910,845)</b>	(1,454,198)
Non-controlling interests	<b>152,744</b>	(170,623)
	<b>(2,758,101)</b>	(1,624,821)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
<b>Non-current assets</b>			
Investment properties	10	37,852,402	37,579,008
Other property, plant and equipment	11	183,091	197,665
Deferred tax assets		2,037,518	2,085,963
Investments in associates		3,709,292	3,779,486
Investments in joint ventures		16,690,974	18,854,096
Trade and other receivables, prepayments and other assets		572,829	572,829
Total non-current assets		61,046,106	63,069,047
<b>Current assets</b>			
Inventories		155,762,444	148,123,695
Trade and other receivables, prepayments and other assets	12	31,482,074	44,981,837
Tax recoverable		4,361,178	4,405,810
Assets under cross-border guarantee arrangements	13	2,364,679	3,639,473
Cash and bank balances	14	14,318,287	14,101,705
Total current assets		208,288,662	215,252,520
<b>Current liabilities</b>			
Trade and other payables	15	54,731,681	50,807,546
Contract liabilities		55,251,962	56,844,029
Liabilities under cross-border guarantee arrangements	13	2,743,493	4,755,373
Bank and other loans		30,825,846	30,382,995
Senior notes	16	10,248,150	7,976,225
Other current liabilities	17	19,968,020	21,910,680
Tax payable		7,425,379	8,341,615
Total current liabilities		181,194,531	181,018,463
<b>Net current assets</b>		27,094,131	34,234,057
<b>Total assets less current liabilities</b>		88,140,237	97,303,104

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
<b>Non-current liabilities</b>			
Bank and other loans		23,035,536	21,710,828
Senior notes	16	—	—
Corporate bonds	17	17,047,471	17,694,157
Deferred tax liabilities		6,027,505	6,028,469
Total non-current liabilities		46,110,512	45,433,454
Net assets		42,029,725	51,869,650
<b>Equity</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	18	450,227	450,227
Perpetual capital securities	20	2,363,346	2,363,346
Reserves		30,988,969	33,969,155
		33,802,542	36,782,728
Non-controlling interests		8,227,183	15,086,922
Total equity		42,029,725	51,869,650



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent											Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (note 18)	Share premium RMB'000	Shares held under share award scheme RMB'000 (note 19)	Share-based compensation reserve RMB'000 (note 19)	Exchange reserve RMB'000	PRC statutory reserves RMB'000	Other reserve RMB'000	Retained profits RMB'000	Perpetual capital securities RMB'000 (note 20)	Total RMB'000			
At 1 January 2022 (Audited)	450,569	953,291	(1,566,640)	115,318	1,040,757	1,898,424	(1,861,360)	44,500,911	2,363,346	47,894,616	19,873,667	67,768,283	
Loss for the period	–	–	–	–	–	–	–	(540,565)	–	(540,565)	(170,623)	(711,188)	
Other comprehensive expenses													
– Exchange difference on translation of foreign operation	–	–	–	–	(913,633)	–	–	–	–	(913,633)	–	(913,633)	
Total comprehensive expenses for the period	–	–	–	–	(913,633)	–	–	(540,565)	–	(1,454,198)	(170,623)	(1,624,821)	
Transfer to PRC statutory reserves	–	–	–	–	–	–	–	–	–	–	–	–	
Equity-settled share-based transactions	–	–	–	11,793	–	–	–	–	–	11,793	–	11,793	
Effect of forfeited or expired share options	–	–	–	(10,668)	–	–	–	10,668	–	–	–	–	
Repurchase of own shares	(342)	(19,099)	–	–	–	–	–	–	–	(19,441)	–	(19,441)	
Shares purchased under share award scheme	–	–	(52,942)	–	–	–	–	–	–	(52,942)	–	(52,942)	
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	(10,534)	–	–	(10,534)	(2,478,422)	(2,488,956)	
Distribution to holders of perpetual capital securities	–	–	–	–	–	–	–	(79,195)	–	(79,195)	–	(79,195)	
At 30 June 2022 (Unaudited)	450,227	934,192	(1,619,582)	116,443	127,124	1,898,424	(1,871,894)	43,891,819	2,363,346	46,290,099	17,224,622	63,514,721	

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent											Non-controlling interests	Total equity
	Share capital	Share premium	Shares held under share award scheme	Share-based compensation reserve	Exchange reserve	PRC statutory reserves	Other reserve	Retained profits	Perpetual capital securities	Total			
	RMB'000 (note 18)	RMB'000	RMB'000 (note 19)	RMB'000 (note 19)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (note 20)	RMB'000	RMB'000		
At 1 January 2023 (Audited)	450,227	934,188*	(1,617,174)*	112,202*	(1,055,303)*	1,898,424*	(2,216,691)*	35,913,509*	2,363,346	36,782,728	15,086,922	51,869,650	
Loss for the period	-	-	-	-	-	-	-	(1,912,641)	-	(1,912,641)	152,744	(1,759,897)	
Other comprehensive expenses													
– Exchange difference on translation of foreign operations	-	-	-	-	(998,204)	-	-	-	-	(998,204)	-	(998,204)	
Total comprehensive expenses for the period	-	-	-	-	(998,204)	-	-	(1,912,641)	-	(2,910,845)	152,744	(2,758,101)	
Equity-settled share-based transactions	-	-	-	3,959	-	-	-	-	-	3,959	-	3,959	
Effect of forfeited or expired share options	-	-	-	(8,393)	-	-	-	8,393	-	-	-	-	
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(277,329)	(277,329)	
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	(73,300)	-	-	(73,300)	(6,716,877)	(6,790,177)	
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(18,277)	(18,277)	
At 30 June 2023 (Unaudited)	450,227	934,188*	(1,617,174)*	107,768*	(2,053,507)*	1,898,424*	(2,289,991)*	34,009,261*	2,363,346	33,802,542	8,227,183	42,029,725	

\* These reserve accounts comprise the consolidated reserves of RMB30,988,969,000 (year ended 31 December 2022: RMB33,969,155,000) in the condensed consolidated statement of financial position.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Cash flows from operating activities</b>			
Loss before tax		(2,130,927)	(421,921)
Total non-cash adjustments		1,227,875	570,865
Total working capital adjustment		(711,194)	(4,285,722)
Cash used in operations		(1,614,246)	(4,136,778)
Tax paid		(313,953)	(1,491,704)
<b>Net cash flows used in operating activities</b>		<b>(1,928,199)</b>	<b>(5,628,482)</b>
<b>Cash flows from investing activities</b>			
Interest received		264,344	384,622
Addition to investment properties	10	(185,053)	(269,798)
Addition to other property, plant and equipment	11	(12,210)	(60,428)
Disposal of subsidiaries	22	(144,746)	433,627
Acquisition of subsidiaries that are not a business	21(a)	—	(19,059)
Acquisition of subsidiaries	21(b)	1,009,597	3,430,303
Disposal of joint ventures		16,925	781,561
Investments in joint ventures		(57,500)	(1,485,970)
Investments in associates		—	744,219
Advances to joint ventures and associates		—	(10,132,239)
Repayment from joint ventures and associates		7,168,001	973,647
Proceeds from disposal of other property, plant and equipment		—	913
(Increase)/decrease in restricted and pledged deposits		(280,249)	9,700,778
Decrease in assets under cross-border guarantee arrangements		1,495,000	—
<b>Net cash flows from investing activities</b>		<b>9,274,109</b>	<b>4,482,176</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
<b>Cash flows from financing activities</b>		
Interest paid	<b>(1,026,719)</b>	(3,267,598)
Proceeds from bank and other loans	—	1,267,518
Repayment of bank and other loans	<b>(3,647,348)</b>	(11,306,376)
Proceeds from issuance of senior notes	—	1,654,050
Repayment of senior notes	—	(535,309)
Repayment of corporate bonds	<b>(986,956)</b>	(782,026)
Repayment of liabilities under cross-border guarantee arrangements	<b>(2,011,880)</b>	(630,967)
Repurchase of own shares	—	(19,441)
Shares purchased under share award scheme	—	(52,942)
Distribution paid to holders of perpetual capital securities	—	(79,195)
<b>Net cash flows used in financing activities</b>	<b>(7,672,903)</b>	(13,752,286)
<b>Net decrease in cash and cash equivalents</b>	<b>(326,993)</b>	(14,898,592)
Cash and cash equivalents at beginning of period	<b>11,134,447</b>	24,390,778
Effect of foreign exchange rate changes	<b>263,326</b>	835,086
<b>Cash and cash equivalents at end of period</b>	<b>11,070,780</b>	10,327,272

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 1. BASIS OF PRESENTATION

Since 7 August 2022, the Group had suspended the payment of interest of all its offshore USD denominated senior notes (the “USD Senior Notes”) and HKD denominated equity-linked securities (the “HKD ELS”). In addition, since 25 August 2022 and up to the approval date of the interim financial information, the Group suspended the repayment of the principal amount of US\$300 million 7.5% senior notes due in 2022 issued on 25 February 2019, the principal amount of US\$450 million 5.25% senior notes due in 2023 issued on 23 May 2017 and the principal amount of US\$400 million 6.5% senior notes due in 2023 issued on 16 July 2019. As of 30 June 2023, the outstanding principal of the USD Senior Notes and HKD ELS amounted to US\$3,619 million (RMB25,962 million) and the aggregate unpaid interest amounted to US\$203 million (RMB1,456 million). The non-payment of the principal of the relevant USD Senior Notes and HKD ELS and the relevant interest accrued may lead to the Company’s creditors demanding acceleration of repayments.

As disclosed in the Company’s announcement dated 7 November 2022, the Company and two wholly-owned subsidiaries of the Company (namely, Kam Wang (Hong Kong) Investments Company Limited (金泓(香港)投資有限公司) and Yuen Ming (Hong Kong) Investments Company Limited (潤銘(香港)投資有限公司), the “Relevant Subsidiaries”), as subsidiary guarantors of the Notes, received a winding-up petition dated 4 November 2022 filed by Citicorp International Limited (the “Petitioner”), as trustee of the relevant series of notes, at the Grand Court of the Cayman Islands (the “Grand Court”) (in the case of the Company) and the High Court of the Hong Kong Special Administrative Region (the “High Court”) (in the case of the Relevant Subsidiaries). To the best knowledge and belief of the Company, the Petitioner represents few noteholder of the relevant series of notes in connection with the 5.75% Senior Notes due 2025 (Debt Stock Code: 40114; ISIN: XS2099677747; Common Code: 209967774, the “Notes”).

As disclosed in the Company’s announcement dated 13 March 2023, the parties to the Hong Kong Petitions have agreed to adjourn the Hong Kong Petitions to the first date available to the Court after 10 May 2023. The Company has complied and will remain in compliance with all terms agreed with the ad hoc group of bondholders in respect of the adjournment of the Hong Kong Petitions. The Cayman Petition was adjourned by consent, and it is not listed for a hearing.

Further disclosed in the Company’s announcement dated 22 May 2023 and 18 July 2023, the hearing for Hong Kong Petitions have been adjourned to 18 September 2023.

The management believes that the purpose of the winding-up petitions mentioned above used by the creditors are to facilitate the negotiation process of a comprehensive debt extension solution with the Group. In fact, the Group has been actively communicating and maintaining constructive dialogue with the ad hoc group of bondholders and their financial advisors over the past few months, with the aim of facilitating the formulation of a practicable debt extension solution for the Group’s offshore debts as soon as possible. The Company has appointed Mr. Cosimo Borrelli of Kroll (Hong Kong) Limited on 13 December 2022 as the Chief Restructuring Officer, who will guide and provide advice to the Company and its advisors to determine and advance the entire debt extension solution as soon as possible.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

### 1. BASIS OF PRESENTATION (CONTINUED)

As of 30 June 2023, the total current assets of the Group amounted to RMB208,289 million, of which cash and cash equivalents amounted to RMB14,318 million. The total current liabilities of the Group amounted to RMB181,195 million. In view of the prevailing slowdown of the property market, coupled with the limited source of financing from the capital market, the Group may take longer time than expected to realise cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations. In view of the aforesaid, the directors of the Company (the "Directors") have given careful consideration to the future liquidity and business performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (a) The Group is actively negotiating with financial institutions currently in business relationship and holders of senior notes and secured debt on the renewal of certain borrowings, senior notes and secured debt.
- (b) The Group will continue to implement measures to accelerate the pre-sale and sale of its properties under development and completed properties, and to speed up the collection of sales proceeds and other receivables.
- (c) The Group will continue to dispose of its assets or urban redevelopment projects when needed.
- (d) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The Directors have reviewed the Group's cash flow projections prepared by the management, which cover a period of not less than fifteen months from 30 June 2023. They are of the opinion that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations or financial obligations upon agreement of the holistic liability management solution as and when they fall due in the foreseeable future.

**NOTES TO THE INTERIM FINANCIAL INFORMATION**

For the six months ended 30 June 2023

**1. BASIS OF PRESENTATION (CONTINUED)**

Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis. Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (a) the successful renewal of its debts including borrowings, senior notes and borrowings subject to guarantees, as and when needed, and the implementation of Holistic Liability Management Solution (as defined in the announcement of the Company dated 7 August 2022), the Petitioner and the Group entered into an agreement for the repayment arrangement;
- (b) the successful and timely implementation of the plans to accelerate the pre-sale and sale of properties under development and completed properties, speed up the collection of outstanding sales proceeds and other receivables, and control costs and control capital expenditure so as to generate adequate net cash inflows; and
- (c) the successful disposal of assets or urban redevelopment projects, as and when needed.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these condensed consolidated interim financial information.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The condensed consolidated interim financial information of the Group (the "interim financial information") for the six months ended 30 June 2023 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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 2022 annual financial statements. The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the Group's annual financial statements for the year ended 31 December 2022.

This interim financial information has been prepared under the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair value. This interim financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

In the current period, the Group has applied the following new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s interim financial information:

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in the interim financial information.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the interim financial information.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) the property development segment comprised of (i) develops and sells residential and commercial properties, retail shops and office units; (ii) sells land held for development; (iii) engages in construction of office premises and residential buildings; (iv) provides decoration services for external customers; and (v) provides interior decoration services to property buyers; and
- (b) the property operation segment which is the leases of office units, commercial centers, retail shops and hotels to generate rental income and to gain from the appreciation in the properties’ values in the long term.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

**3. OPERATING SEGMENT INFORMATION (CONTINUED)**

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that depreciation, other income and gains, other expenses, finance costs, share of profits or losses of joint ventures and associates, fair value gains or losses on investment properties and derivative financial instruments and head office and corporate income and expenses are excluded from such measurement. Segment assets and liabilities are not reported to the Group's chief operating decision maker regularly.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information regarding the reportable segments is presented below.

	<b>Property development (Unaudited) RMB'000</b>	<b>Property operation (Unaudited) RMB'000</b>	<b>Total (Unaudited) RMB'000</b>
<b>For the six months ended 30 June 2023</b>			
Revenue from external customers	<b>13,698,810</b>	<b>160,231</b>	<b>13,859,041</b>
Inter-segment revenue	—	<b>7,957</b>	<b>7,957</b>
Reportable segment revenue	<b>13,698,810</b>	<b>168,188</b>	<b>13,866,998</b>
Reportable segment (losses)/profit	<b>(1,801,264)</b>	<b>132,012</b>	<b>(1,669,252)</b>
	Property development (Unaudited) RMB'000	Property operation (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>For the six months ended 30 June 2022 (Represented)</b>			
Revenue from external customers	12,501,036	128,374	12,629,410
Inter-segment revenue	—	31,825	31,825
Reportable segment revenue	12,501,036	160,199	12,661,235
Reportable segment profit	402,605	123,563	526,168

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 3. OPERATING SEGMENT INFORMATION (CONTINUED)

## Reconciliation of reportable segment revenue and profit or loss

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) (Represented) RMB'000
<b>Revenue</b>		
Reportable segment revenue	13,866,998	12,661,235
Elimination of inter-segment revenue	(7,957)	(31,825)
Consolidated revenue	13,859,041	12,629,410
<b>Loss</b>		
Reportable segment (losses)/profit	(1,669,252)	526,168
Elimination of inter-segment losses	2,773	18,707
Reportable segment (losses)/profit derived from the Group's external customers	(1,666,479)	544,875
Other income and gains	339,660	143,603
Other expenses	(36,858)	(332,543)
Depreciation	(23,140)	(21,464)
Finance costs	(586,767)	(734,486)
Share of losses of associates and joint ventures, net	(115,425)	(148,541)
Fair value gains on investment properties, net	52,028	269,798
Fair value losses on derivative financial instrument, net	—	(4,082)
Unallocated head office and corporate expenses	(93,946)	(139,081)
Consolidated loss before tax	(2,130,927)	(421,921)

**Geographical information**

Geographical information is not presented since over 90% of the Group's revenue from external customers was generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of the interim financial information.

**Information about major customers**

During the six months ended 30 June 2023 and 2022, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 4. REVENUE, OTHER INCOME AND GAINS

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	(Represented) RMB'000
<i>Revenue from contracts with customers</i>		
Sale of properties*	<b>13,352,499</b>	10,549,914
Development management income	<b>443,637</b>	2,009,767
<i>Revenue from other source</i>		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	<b>162,450</b>	131,511
	<b>13,958,586</b>	12,691,192
Less: sales related taxes	<b>(99,545)</b>	(61,782)
	<b>13,859,041</b>	12,629,410

\* The invoiced amount billed to buyers of properties for the six months ended 30 June 2023 was RMB14,499,832,000 (six months ended 30 June 2022: RMB11,456,621,000), including value-added tax of RMB1,147,333,000 (six months ended 30 June 2022: RMB906,707,000).

**Revenue from contracts with customers****(i) Disaggregated revenue information***For the six months ended 30 June 2023*

	<b>Property development (Unaudited) RMB'000</b>
Timing of revenue recognition:	
Goods transferred at a point in time	<b>12,652,431</b>
Goods transferred over time	<b>604,350</b>
Services transferred over time	<b>442,029</b>
Total revenue from contracts with customers	<b>13,698,810</b>

*For the six months ended 30 June 2022*

	Property development (Unaudited) (Represented) RMB'000
Timing of revenue recognition:	
Goods transferred at a point in time	8,359,128
Goods transferred over time	2,139,253
Services transferred over time	2,002,655
Total revenue from contracts with customers	12,501,036

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

## Other income and gains

An analysis of the Group's other income and gains is as follows:

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Bank interest income	96,913	40,068
Interest income on amounts due from associates and joint ventures	134,149	344,554
Forfeiture income on deposits received	20,248	43,062
Loss on disposal of subsidiaries	(46,060)	(35,991)
(Loss)/gain on remeasurement of pre-existing interests in joint ventures to the date of obtaining control and acquisition	(4,086)	162,790
Gain on bargain purchase	28,970	—
Gain/(loss) on disposal of joint ventures, net	10,155	(431,702)
Foreign exchange differences, net	52,529	—
Others	46,842	20,822
	<b>339,660</b>	143,603

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Interest on bank and borrowings	1,150,988	1,353,205
Interest on senior notes	676,785	739,030
Interest on corporate bonds	428,037	436,333
	<b>2,255,810</b>	2,528,568
Less: Interest capitalised	(1,669,043)	(1,794,082)
	<b>586,767</b>	734,486

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Cost of properties sold	<b>12,305,023</b>	9,133,879
Cost of services provided	<b>419,531</b>	1,737,600
Depreciation of other property, plant and equipment	<b>27,003</b>	27,791
Less: Amount capitalised	<b>(3,863)</b>	(6,327)
	<b>23,140</b>	21,464
Equity-settled share option expense	<b>3,959</b>	11,793
Loss on disposal of items of other property, plant and equipment	<b>588</b>	17
Write-down of inventories to net realisable value*	<b>2,000,000</b>	223,900
Foreign exchange differences, net	<b>(52,529)</b>	32,601

\* Item is included in "Cost of Sales" in the condensed consolidated statement of profit or loss.

## 7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2023. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Current (credit)/charge for the period:		
PRC CIT	<b>(597,861)</b>	524,452
PRC LAT	<b>191,719</b>	258,398
	<b>(406,142)</b>	782,850
Deferred	<b>35,112</b>	(493,583)
Total tax (credit)/charge for the period	<b>(371,030)</b>	289,267

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount for the six months ended 30 June 2023 is based on the loss for the period attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities, and the weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period.

The calculation of the diluted loss per share amount for the six months ended 30 June 2023 is based on the loss for the period attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted loss per share are based on:

	<b>Six months ended 30 June</b>	
	<b>2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	2022 (Unaudited) RMB'000
<b>Loss</b>		
Loss attributable to owners of the parent	<b>(1,912,641)</b>	(540,565)
Distribution related to perpetual capital securities	—	(79,195)
Loss used in the basic and diluted loss per share calculations	<b>(1,912,641)</b>	(619,760)

	<b>Number of shares</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b> <b>(Unaudited)</b> <b>'000</b>	2022 (Unaudited) '000
<b>Shares</b>		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period, used in the basic loss per share calculation	<b>5,527,178</b>	5,685,717
Effect of dilution — weighted average number of ordinary shares: Share options	—	—
Weighted average number of ordinary shares in issue during the period, used in the diluted loss per share calculation	<b>5,527,178</b>	5,685,717

No adjustment for dilution has been made to the basic loss per share presented for the six months ended 30 June 2023 and 2022 as the Company's share options has anti-dilutive effect on the basic loss per share presented.

**NOTES TO THE INTERIM FINANCIAL INFORMATION**

For the six months ended 30 June 2023

**9. DIVIDEND**

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

**10. INVESTMENT PROPERTIES**

The Group's investment properties and investment properties under construction were revalued on 30 June 2023 based on valuations performed by APAC Asset Valuation and Consulting Limited, independent professionally qualified valuers, or the Group's internal assessment.

The valuations of completed investment properties were based on either the direct comparison method by reference to comparable market transactions, which is positively correlated to the market unit sale rate; or the income approach by capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary rental income potential of the properties, which is positively correlated to the market rental growth rate, and negatively correlated to risk-adjusted discount rate and capitalisation rate.

The valuations of investment properties under construction were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group latest development plan. The valuations of investment properties under construction are positively correlated to the development profit and negatively correlated to the risk-adjusted discount rate.

During the period, the net increase in fair value of investment properties and investment properties under construction amounted to RMB52,028,000 (six months ended 30 June 2022: RMB269,798,000), additions in investment properties and investment properties under construction amounted to RMB185,053,000 (six months ended 30 June 2022: RMB309,246,000), additions in investment properties (through acquisition of subsidiary), amounting to Nil (six months ended 30 June 2022: RMB57,400,000).

**11. OTHER PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2023, the Group acquired and disposed of other property, plant and equipment of RMB12,210,000 (six months ended 30 June 2022: RMB60,428,000) and RMB588,000 (six months ended 30 June 2022: RMB930,000), respectively. The Group also acquired other property, plant and equipment of RMB561,000 (six months ended 30 June 2022: RMB2,815,000) through acquisition of subsidiaries. There is no transfer from other property, plant and equipment to investment properties (six months ended 30 June 2022: Nil).

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

The Group's trade receivables arise from the sale of properties, leasing of investment properties and provision of construction and decoration services.

Consideration in respect of sale of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. Consideration in respect of provision of construction and decoration services is payable by the customers in accordance with the terms of the related construction and decoration agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. All trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables (other than those from associates and joint ventures) as at the end of the reporting period, based on the revenue recognition date or invoice date and net of loss allowance, is as follows:

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Within 30 days	210,961	145,021
31 to 90 days	217,411	89,172
91 to 180 days	451,433	353,956
181 to 365 days	518,685	1,178,178
	<b>1,398,490</b>	1,766,327

An ageing analysis of the trade receivables from joint ventures and associates as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Within 30 days	118,637	445,225
31 to 90 days	209,737	148,030
91 to 180 days	279,332	844,277
181 to 365 days	388,860	1,180,943
	<b>996,566</b>	2,618,475



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

**13. ASSETS AND LIABILITIES UNDER CROSS — BORDER GUARANTEE ARRANGEMENTS**

During the six months ended 30 June 2023 and 2022, the Group had some cross-border guarantee arrangements with certain financial institutions, whereby certain onshore funding (i.e. in the PRC) and offshore funding (i.e. in Hong Kong) have been used as a pledge against advances to offshore (i.e. in Hong Kong) and onshore (i.e. in the PRC) for the Group's general working capital.

Pursuant to these arrangements which are made in compliance with the relevant rules and regulations promulgated by the State Administration of Foreign Exchange, funds are advanced to the Group's subsidiaries in Hong Kong by depositing a certain amount of funds in the relevant financial institutions by the Group's subsidiaries in the PRC or vice versa. The net cost of such arrangements is less than 1% per annum of the total funds advanced.

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Assets under cross-border guarantee arrangements	<b>2,364,679</b>	3,639,473
Portion classified as current assets	<b>(2,364,679)</b>	(3,639,473)
Non-current portion	—	—
Liabilities under cross-border guarantee arrangements	<b>2,743,493</b>	4,755,373
Portion classified as current liabilities	<b>(2,743,493)</b>	(4,755,373)
Non-current portion	—	—

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

### 14. CASH AND BANK BALANCES

As at 30 June 2023, the total cash and bank balances amounted to RMB14,318 million (year ended 31 December 2022: RMB14,102 million), of which:

- (a) deposits in the amount of RMB1,914 million (year ended 31 December 2022: RMB1,600 million) were pledged or restricted for bank and other loans;
- (b) deposits in the amount of RMB9,563 million (year ended 31 December 2022: RMB9,412 million) are placed in designated bank accounts and can only be applied in the designated property development projects in accordance with the applicable prevailing policies and regulations; and
- (c) deposits in the amount of RMB1,333 million (year ended 31 December 2022: RMB1,368 million) were pledged or restricted in relation to project development such as mortgage loans granted to the property purchasers.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB12,523,182,000 (year ended 31 December 2022: RMB11,947,951,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. All the bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

### 15. TRADE AND OTHER PAYABLES

Included in the balance as at 30 June 2023 is an aggregate trade payables balance of RMB25,203,184,000 (year ended 31 December 2022: RMB22,696,517,000). An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Within 30 days	4,074,101	3,381,902
31 to 90 days	2,670,246	1,533,453
91 to 180 days	4,804,166	3,010,307
181 to 365 days	4,870,835	7,893,801
Over 365 days	8,783,836	6,877,054
	<b>25,203,184</b>	22,696,517

The trade payables are non-interest-bearing.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 16. SENIOR NOTES

	Notes	Effective interest rate (% per annum)	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
US\$450m Senior Notes due in 2023	(i), (xvi)	5.42	3,227,852	3,181,606
US\$300m Senior Notes due in 2022	(ii)	7.78	1,999,834	1,937,560
US\$400m Senior Notes due in 2023	(iii), (xvi)	6.76	2,953,140	2,857,059
US\$100m Senior Notes due in 2024	(iv), (xvi)	7.60	725,008	700,023
US\$300m Senior notes due in 2025	(v), (xvi), (xvii)	5.96	2,198,592	2,127,921
US\$180m Senior notes due in 2024	(vi), (xvi)	5.42	1,342,316	1,301,788
US\$100m Senior Notes due in 2024	(vii), (xvi), (xvii)	4.53	722,759	699,217
US\$300m Senior Notes due in 2025	(viii), (xvi), (xvii)	5.49	2,157,499	2,087,663
US\$300m Senior Notes due in 2026	(ix), (xvi), (xvii)	5.03	2,140,428	2,072,195
US\$300m Senior Notes due in 2028	(x), (xvi), (xvii)	4.64	2,178,948	2,109,865
US\$300m Senior Notes due in 2025	(xi), (xvi), (xvii)	4.97	2,144,312	2,066,932
US\$300m Senior Notes due in 2026	(xii), (xvi), (xvii)	4.91	2,184,191	2,114,214
US\$60m Senior Notes due in 2024	(xiii), (xvi), (xvii)	4.21	436,636	422,768
HKD1,950m Equity-linked Securities due in 2026	(xiv), (xvi), (xvii)	7.14	1,837,985	1,781,170
			<b>26,249,500</b>	25,459,981
Portion classified as current liabilities:				
– based on maturity terms of the senior notes	(xv)		<b>(10,248,150)</b>	(7,976,225)
– based on contract terms classified as other current liabilities	(xv), (xvii), 17		<b>(16,001,350)</b>	(17,483,756)
Non-current portion	(xv)		–	–

## Notes:

- (i) On 23 May 2017, the Company issued senior notes with a principal amount of US\$450,000,000 due in 2023 (“US\$450m Senior Notes due in 2023”). The senior notes are interest bearing at 5.25% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 23 February 2023. At any time and from time to time on or after 23 May 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (ii) On 25 February 2019, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2022 (“US\$300m Senior Notes due in 2022”). The senior notes are interest bearing at 7.50% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 25 August 2022. At any time and from time to time prior to 25 February 2021, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum. As at 22 February 2022, the Company has repurchased an aggregate principal amount of US\$21,200,000 of the Senior Notes. The remaining principal amount of US\$278,800,000 was due on 25 August 2022.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

### 16. SENIOR NOTES (CONTINUED)

Notes: (continued)

- (iii) On 16 July 2019, the Company issued senior notes with a principal amount of US\$400,000,000 due in 2023 ("US\$400m Senior Notes due in 2023"). The senior notes are interest bearing at 6.50% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 16 July 2023. At any time and from time to time on or after 16 July 2021, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (iv) On 9 September 2019, the Company issued senior notes with a principal amount of US\$100,000,000 due in 2024 ("US\$100m Senior Notes due in 2024"). The senior notes are interest bearing at 6.90% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 9 June 2024. At any time and from time to time on or after 9 September 2022, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (v) On 14 January 2020, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2025 ("US\$300m Senior Notes due in 2025"). The senior notes are interest bearing at 5.75% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 14 January 2025. At any time and from time to time on or after 14 January 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (vi) On 17 January 2020, the Company issued senior notes with a principal amount of US\$180,000,000 due in 2024 ("US\$180m Senior Notes due in 2024"). The senior notes are consolidated and form a single series with the US\$100m Senior Notes due 2024 issued on 9 September 2019. The senior notes are interest bearing at 6.90% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 9 June 2024. At any time and from time to time on or after 9 September 2022, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (vii) On 17 September 2020, the Company issued senior notes with a principal amount of US\$100,000,000 due in 2024 ("US\$100m Senior Notes due in 2024"). The senior notes are interest bearing at 4.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 17 September 2024. At any time and from time to time on or after 17 September 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (viii) On 19 October 2020, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2025 ("US\$300m Senior Notes due in 2025"). The senior notes are interest bearing at 5.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 19 October 2025. At any time and from time to time on or after 19 October 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (ix) On 14 December 2020, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2026 ("US\$300m Senior Notes due in 2026"). The senior notes are interest bearing at 4.85% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 14 December 2026. At any time and from time to time on or after 14 December 2024, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (x) On 13 January 2021, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2028 ("US\$300m Senior Notes due in 2028"). The senior notes are interest bearing at 4.5% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 13 January 2028. At any time and from time to time on or after 13 January 2025, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xi) On 12 April 2021, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2025 ("US\$300m Senior Notes due in 2025"). The senior notes are interest bearing at 4.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 12 July 2025. At any time and from time to time on or after 12 July 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 16. SENIOR NOTES (CONTINUED)

Notes: (continued)

- (xii) On 6 July 2021, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2026 ("US\$300m Senior Notes due in 2026"). The senior notes are interest bearing at 4.7% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 6 July 2026. At any time and from time to time on or after 6 July 2024, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xiii) On 5 August 2021, the Company issued senior notes with a principal amount of US\$60,000,000 due in 2024 ("US\$60m Senior Notes due in 2024"). The senior notes are interest bearing at 4.15% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 5 August 2024.
- (xiv) On 4 February 2022, the Company issued Equity-linked Securities with a principal amount of HK\$1,950,000,000 due in 2026 ("HK\$1,950m Equity-linked Securities due in 2026"). The Equity-linked Securities are interest bearing at 6.95% per annum and the interest is payable semi-annually in arrears. The maturity date of the Equity-linked Securities is 4 August 2026. The securities are cash settled equity linked securities. No equity securities of the Company will be issued by the Company upon exchange or redemption of the securities. The details of which are set out in the Company's announcement dated 27 January 2022.
- (xv) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.
- (xvi) Redemption call options represent the fair value of the Company's options to early redeem the senior notes and are recorded as derivative financial instruments under "Trade and other receivables, prepayments and other assets" (note 12). The assumptions applied in determining the fair value of the redemption call options as at 30 June 2023 and 31 December 2022 are set out in note 26.

Equity-linked securities redemption option of security holders represent the fair value of the equity-linked securities' options to early redeem the equity-linked securities and are recorded as derivative financial instruments under "Trade and other payables" (note 15). The assumptions applied in determining the fair value of the redemption call options as at 30 June 2023 and 31 December 2022 are set out in note 26.

Equity-linked securities conversion option of security holders represent the fair value of the security holders's option to require the Company to exchange the securities at pre-determined cash exercise amount and are recorded as derivative financial instruments under "Trade and other payables" (note 15). The assumptions applied in determining the fair value of the conversion option as at 30 June 2023 and 31 December 2022 are set out in note 26.

- (xvii) As disclosed in note 1 to the interim financial information, the non-payment of the principal of the relevant senior notes and equity-linked securities and the relevant interest accrued may lead to the Company's creditors demanding acceleration of repayments. Hence, the relevant senior notes and equity-linked securities, which their maturity date are over one year, were classified as current liabilities and included in "Other current liabilities".

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 17. OTHER CURRENT LIABILITIES AND CORPORATE BONDS

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Corporate bonds due in 2025	(i), (iii), (iv), (vii)	4,464,755	4,502,160
Corporate bonds due in 2026	(ii), (iv)-(vi), (viii)-(xii)	12,582,716	12,869,000
Commercial mortgage-backed securities due in 2033	(xiii)	—	663,267
		<b>17,047,471</b>	18,034,427
Analysed into:			
Repayable:			
Within one year		—	340,270
In the second year		3,937,124	897,379
In the third to fifth years, inclusive		13,110,347	16,158,511
Over 5 years		—	638,267
		<b>17,047,471</b>	18,034,427
Portion classified as non-current liabilities		<b>(17,047,471)</b>	(17,694,157)
Current liabilities		—	340,270
Bank and other loans classified as other current liabilities based on the accumulated pre-sales/sales amount/area of the property development projects		3,966,670	4,086,654
Senior notes classified as other current liabilities	16	16,001,350	17,483,756
Total other current liabilities		<b>19,968,020</b>	21,910,680

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 17. OTHER CURRENT LIABILITIES AND CORPORATE BONDS (CONTINUED)

Notes:

- (i) On 1 February 2018, 22 March 2018, 21 May 2018 and 7 December 2018, Shenzhen Logan Holdings Co., Ltd. ("Shenzhen Logan") issued non-public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rates of the first, second, third and fourth tranches with principal amounts of RMB2,000,000,000, RMB2,000,000,000, RMB1,000,000,000 and RMB1,000,000,000 were fixed at 6.99% per annum, 7.20% per annum, 7.30% per annum and 7% per annum, respectively. The terms of all these four domestic corporate bonds were 4 years. At the end of second year, Shenzhen Logan shall be entitled to adjust the coupon rates of all these four domestic corporate bonds and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. In 2020, the third tranche of corporate bonds with a principal amount of RMB1,000,000,000 and the fourth tranche of corporate bonds with principal amount of RMB1,000,000,000 were fully paid before maturity.

On 1 February 2020, Shenzhen Logan had adjusted the coupon rate of first tranche of corporate bonds from 6.99% per annum to 5.40% per annum and the corporate bonds with an aggregate principal amount of RMB1,290,000,000 were sold back to Shenzhen Logan; the first tranche of corporate bonds with a remaining principal amount of RMB710,000,000 was due and fully repaid upon maturity in February 2022.

On 22 March 2020, Shenzhen Logan had adjusted the coupon rate of second tranche of corporate bonds from 7.20% per annum to 4.90% per annum and the corporate bonds with an aggregate principal amount of RMB174,000,000 were sold back to Shenzhen Logan; the second tranche of corporate bonds with a remaining principal amount of RMB1,826,000,000 are due in March 2022.

On 22 March 2022, the Group obtained approval from the holders of corporate bonds with a principal amount of RMB1,826,000,000 for the extension of the maturity date for 15 months by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to settle 10% of the outstanding principal as upfront payment and the remaining 90% outstanding principal will be repaid by 10 equal installments commencing from the sixth months after the extension. The 10% of the outstanding principal amount of RMB182,600,000 were repaid in March 2022 and the first installment repayment of 90% outstanding principal amount of RMB164,340,000 in October 2022.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,479,060,000 for the extension of the maturity date for 36 months (to be due in 2025) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal will be repaid quarterly within 36 months after extension.

The principal amount of RMB3,645,000 and RMB2,835,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 30 June 2023.

- (ii) On 20 November 2018, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,490,000,000 was 5.98% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate of domestic corporate bonds and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 20 November 2020, Shenzhen Logan had adjusted the coupon rate of corporate bonds from 5.98% per annum to 4.60% per annum.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB2,490,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB39,031,000 and RMB32,738,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 30 June 2023.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

### 17. OTHER CURRENT LIABILITIES AND CORPORATE BONDS (CONTINUED)

Notes: (continued)

- (iii) On 19 March 2019, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,510,000,000 was 5.50% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 21 March 2022, the Group obtains approval from the holders of corporate bonds with a principal amount of RMB1,510,000,000 for the extension of the maturity date for 15 months by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to settle 10% of the outstanding principal as upfront payment and the remaining 90% outstanding principal will be repaid by 10 equal installments commencing from the sixth months after the extension. The 10% of the outstanding principal amount of RMB151,000,000 were repaid in March 2022 and the first installment repayment of 90% outstanding principal amount of RMB135,900,000 in September 2022.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,223,100,000 for the extension of the maturity date for 36 months (to be due in 2025) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023, respectively, and the remaining outstanding principal will be repaid quarterly within 36 months after extension.

The principal amount of RMB11,700,000 and RMB11,080,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 30 June 2023.

- (iv) On 5 August 2019, Shenzhen Logan issued two tranches of private domestic corporate bonds. The coupon rates of the first and second tranches with principal amounts of RMB500,000,000 and RMB1,000,000,000 were fixed at 6.5% per annum and 6.2% per annum, respectively. The terms of the first and second tranches of corporate bonds were 5 years (to be due in 2024) and 4 years (to be due in 2023), respectively. At the end of the third year and the second year, Shenzhen Logan shall be entitled to adjust the coupon rates of the first and second tranches of corporate bonds respectively and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. On 3 August 2021, the second tranches of corporate bonds with an aggregate principal amounts of RMB895,000,000 were sold back to Shenzhen Logan.

The first tranches of corporate bonds with aggregated principal amounts of RMB50,000,000 was repaid in August 2022.

On 2 December 2022, the group obtained approval from the holders of first and second tranches corporate bonds with the principal amount of RMB450,000,000 and RMB105,000,000 respectively, for the extension of the maturity date for 36 months and 48 months respectively (to be due in 2025 and 2026 respectively) by the provision of additional equity interests of the Group's subsidiaries a collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively. The remaining outstanding principal of the first tranches of corporate bonds will be repaid quarterly from the 36 months after the extension. The second tranches of corporate bonds will be repaid be fully repaid by eight installments within the 48 months after the extension, of which interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB270,000 and RMB270,000 of first tranches corporate bond were repaid in February 2023 and May 2023, respectively, and the principal amount of RMB150,000 and RMB100,000 of second tranches corporate bond were repaid in February 2023 and May 2023, respectively. The remaining outstanding amount were classified as a non-current liability as at 30 June 2023.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 17. OTHER CURRENT LIABILITIES AND CORPORATE BONDS (CONTINUED)

Notes: (continued)

- (v) On 18 November 2019, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 5.09% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB2,000,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB27,854,000 and RMB23,930,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 30 June 2023.

- (vi) On 8 January 2020, Shenzhen Logan issued public domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,000,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,000,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB25,901,000 and RMB22,251,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 30 June 2023.

- (vii) On 15 April 2020, Shenzhen Logan issued non-public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,500,000,000 was 4.69% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 18 April 2022, the Group obtained approval from the holders of corporate bonds with a principal amount of RMB1,500,000,000 for the extension of the maturity date for 15 months by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to settle 10% of the outstanding principal as upfront payment and the remaining 90% outstanding principal will be repaid by 10 equal installments commencing from the sixth months after the extension. The 10% of the outstanding principal amount of RMB150,000,000 were repaid in April 2022.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,350,000,000 for the extension of the maturity date for 36 months (to be due in 2025) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal will be repaid quarterly from the 36 months after the extension.

The principal amount of RMB4,275,000 and RMB3,330,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 30 June 2023.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

### 17. OTHER CURRENT LIABILITIES AND CORPORATE BONDS (CONTINUED)

Notes: (continued)

- (viii) On 24 July 2020, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 4.69% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB2,000,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB7,201,000 and RMB7,050,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 30 June 2023.

- (ix) On 14 September 2020, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB2,000,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB21,736,000 and RMB19,795,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 30 June 2023.

- (x) On 25 March 2021, Shenzhen Logan issued public domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB427,000,000 was 4.90% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB427,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB5,811,000 and RMB5,600,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 30 June 2023.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 17. OTHER CURRENT LIABILITIES AND CORPORATE BONDS (CONTINUED)

Notes: (continued)

- (xi) On 24 June 2021, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,347,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,347,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB12,379,000 and RMB11,054,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 30 June 2023.

- (xii) On 23 August 2021, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,500,000,000 was 4.70% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,500,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB12,053,000 and RMB11,650,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 30 June 2023.

- (xiii) On 27 December 2021, Shenzhen Logan issued private commercial mortgage-backed securities subscribed by private investors. The coupon rate of the private commercial mortgage-backed securities with a principal amount of RMB665,000,000 was 5.20% per annum. The terms of the private commercial mortgage-backed securities were 12 years. At the end of the third year, sixth and ninth years. Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the securities to Shenzhen Logan.

The private commercial mortgage-backed securities with a principal amount of RMB665,000,000 was repaid in April 2023.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

### 18. SHARE CAPITAL

A summary of movements in the Company's issued share capital is as follows:

	Six months ended 30 June 2023 (Unaudited)		Year ended 31 December 2022 (Audited)	
	Number of shares		Number of shares	
	'000	HK\$'000	'000	HK\$'000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	5,685,408	568,541	5,689,408	568,941
Repurchase of shares (note)	—	—	(4,000)	(400)
At 30 June/31 December	5,685,408	568,541	5,685,408	568,541
RMB'000 equivalent at the end of reporting period		450,227		450,227

Note: Pursuant to section 37(3) of the Companies Law of the Cayman Islands, an amount equivalent to the fair value of the shares repurchased and cancelled of HK\$22,738,000 (equivalent to approximately RMB19,445,000) was transferred out from share capital and share premium during the year ended 31 December 2022.

### 19. SHARE OPTION SCHEME AND SHARE AWARD SCHEME

#### Share option scheme

The Company operates a share option scheme (the "Scheme") which was adopted by an ordinary resolution of the shareholders of the Company on 18 November 2013. Full-time and part-time employees, executives, officers or directors (including independent non-executive directors) of the Group and any advisors, consultants, agent, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group are included in the eligible participants under the Scheme. The maximum number of shares may be granted is 10% of the shares in issue immediately upon completion of the Global offering. Each participant cannot be entitled to more than 0.1% of the total number of shares in issue in any 12-month period unless approved from the independent non-executive directors of the Company is obtained. The option shall expire, in any event, not later than 10 years from the date of grant of the option subject to the provision for early termination set out in the Scheme.

- (i) On 25 August 2017, the Company granted share options to the Company's directors and employees. The exercise of these share options would entitle the Company's directors and employees of the Group to subscribe for an aggregate of 24,250,000 shares (of which 8,000,000 shares is granted to Mr. Kei) and 135,750,000 shares (of which only 46,512,000 shares is accepted) of the Company respectively. 25%, 25%, 25% and the remaining share options will be vested on the 36th, 48th, 60th and 72th month, respectively, from the date of grant (i.e. 25 August 2017). The exercise price is HK\$7.43 per share. These share options are exercisable within a period of ten years from the date of grant (i.e. 25 August 2017) subject to the above vesting schedule. Each option gives the holder the right to subscribe for one ordinary share of the Company.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

**19. SHARE OPTION SCHEME AND SHARE AWARD SCHEME  
(CONTINUED)****Share option scheme (continued)**

- (ii) On 8 June 2018, the Company granted share options to the Group's employees. The exercise of these share options would entitle the employees of the Group to subscribe for an aggregate of 50,000,000 shares of the Company. 33.3%, 33.3% and the remaining share options will be vested on the 36th, 48th and 60th month, respectively, from the date of grant (i.e. 8 June 2018). The exercise price is HK\$12.50 per share. These share options are exercisable within a period of ten years from the date of grant (i.e. 8 June 2018) subject to the above vesting schedule. Each option gives the holder right to subscribe for one ordinary share of Company.
  
- (iii) On 22 October 2018, the Company granted share options to the Group's employees. The exercise of these share options would entitle the employees of the Group to subscribe for an aggregate of 36,400,000 shares of the Company. 33.3%, 33.3% and the remaining share options will be vested on the 36th, 48th and 60th month, respectively, from the date of grant (i.e. 22 October 2018). The exercise price is HK\$7.64 per share. These share options are exercisable within a period of ten years from the date of grant (i.e. 22 October 2018) subject to the above vesting schedule. Each option gives the holder the right to subscribe for one ordinary share of the Company.
  
- (iv) On 28 June 2019, the Company granted share options to the Group's employees. The exercise of these share options would entitle the employees of the Group to subscribe for an aggregate of 10,500,000 shares of the Company. For some grantees, 33.3% and the remaining share options will be vested on the 36th and 48th month, respectively, from the date of grant (i.e. 28 June 2019). For some grantees, 50% and the remaining share options will be vested on the 36th and 48th month, respectively, from the date of grant (i.e. 28 June 2019). The exercise price is HK\$12.64 per share. These share options are exercisable within a period of ten years from the date of grant (i.e. 28 June 2019) subject to the above vesting schedule. Each option gives the holder the right to subscribe for one ordinary share of the Company.
  
- (v) On 12 June 2020, the Company granted share options to the Group's employees. The exercise of these share options would entitle the employees of the Group to subscribe for an aggregate of 5,565,000 shares of the Company. All of the share options will be vested on the 36th month from the date of grant (i.e. 12 June 2020). The exercise price is HK\$13.08 per share. These share options are exercisable within a period of ten years from the date of grant (i.e. 12 June 2020) subject to the above vesting schedule. Each option gives the holder the right to subscribe for one ordinary share of the Company.

The share options lapsed due to the resignation of certain employees. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the related share-based compensation reserve is transferred to retained profits.

4,214,500 share options were forfeited during the six months ended 30 June 2023. At the end of the reporting period, the Company had 81,304,000 share options outstanding under the Scheme.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

### 19. SHARE OPTION SCHEME AND SHARE AWARD SCHEME (CONTINUED)

#### Share award scheme

The Company operates a share award scheme (the “Share Award Scheme”) which was adopted by the Board of the Company on 13 May 2020. Unless otherwise cancelled or amended, the Share Award Scheme will remain valid and effective for 15 years from the date of adoption. The specific objectives of the Share Award Scheme are (i) to promote the effective realisation of the medium and long-term performance growth targets of the Group; (ii) to promote the long-term sustained growth in the shareholder value of the Group; and (iii) to attract outstanding talents in the industry and to motivate and retain outstanding key talents of the Group with rewards and incentives.

The Share Award Scheme is operated by an independent trustee which holds the shares in trust for the selected participants, until the shares become vested. The shares to be awarded under the Share Award Scheme will be acquired by the trustee from the open market. The shares granted will be vested in the proportions and on the dates as set out in the relevant letters of grant issued by the Company. Vested shares will be transferred to the selected participants at no cost save that transaction fees and expenses will be payable by the selected participants as transferees.

As at 30 June 2023, the number of the Company’s shares held under the Share Award Scheme is 158,230,000 (year ended 31 December 2022: 158,230,000). None of the shares purchased has been awarded under the Share Award Scheme.

### 20. PERPETUAL CAPITAL SECURITIES

On 31 May 2017, the Company issued perpetual capital securities with a principal amount of US\$350,000,000 (equivalent to approximately RMB2,363,346,000).

The securities confer the holders a right to receive distributions at the applicable distribution rate of 7% per annum from and including 31 May 2017, payable semi-annually on 31 May and 30 November of each year. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. Unless and until the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount, the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buy-back or acquire for any consideration any share capital thereof. The securities may be redeemed at the option of the Company, in whole but not in part.

In the opinion of the directors, the Company is able to control the delivery of cash or other financial assets to the holders of the perpetual capital securities due to redemption other than an unforeseen liquidation of the Company. Accordingly, the perpetual capital securities are classified as equity instruments of the Company.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 21. ACQUISITIONS OF SUBSIDIARIES

## (a) Acquisition of subsidiary that are not a business

## (i) Six months ended 30 June 2022

During the period ended 30 June 2022, the Group acquired certain assets through acquisition of Shenzhen Zhisheng Industrial Co., Ltd. (“Shenzhen Zhisheng”) from the independent third party. Upon the completion of this acquisition, the acquired company became wholly-owned subsidiary of the Group. The following table summarises the financial information in relation to the acquisition of subsidiary.

	<b>Shenzhen Zhisheng (Unaudited) RMB'000</b>
Other property, plant and equipment	1,649
Inventories	6,278,623
Other receivables, prepayments and other assets	632,029
Tax recoverable	373,541
Cash and bank balances	11,041
Other payables	(5,872,644)
Contract liabilities	(144,102)
Bank and other loans	(1,250,000)
Tax payables	(37)
<b>Total identifiable net assets</b>	<b>30,100</b>
Non-controlling interests	—
	<b>30,100</b>
Satisfied by:	
Cash consideration	30,100
Consideration payable included in trade and other payables	—
	<b>30,100</b>

An analysis of the cash flows in respect of the above acquisitions is as follows:

	<b>Shenzhen Zhisheng (Unaudited) RMB'000</b>
Cash consideration paid	(30,100)
Cash and cash equivalents acquired	11,041
<b>Net outflow of cash and cash equivalents included in cash flows from investing activities</b>	<b>(19,059)</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 21. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

## (b) Acquisition of subsidiaries that are a business

## (i) Six months ended 30 June 2023

During the period ended 30 June 2023, the Group acquired 50% or 100% equity interests of Shenzhen Lifan Investment Co., Ltd. (“Shenzhen Lifan”), Shenzhen Runji Industrial Co., Ltd. (“Shenzhen Runji”) and Nanning Longguang Junchi Real Estate Development Co., Ltd. (“Longguang Junchi”) and certain entities included in “Others” below from joint venture partners, joint ventures and/or independent third parties. Upon completion of the acquisitions, all of the acquired entities became wholly-owned subsidiaries of the Group. These acquired entities are principally engaged in the business of property development and property investment in the PRC. Among subsidiaries acquired in the current period, the aggregated consideration for subsidiaries that are a business acquired from joint ventures was RMB94,340,000.

The fair values of the identifiable assets and liabilities of the above transactions as at the date of acquisition were as follows:

	Shenzhen Lifan (Unaudited) RMB'000	Shenzhen Runji (Unaudited) RMB'000	Longguang Junchi (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
Other property, plant and equipment	—	—	—	561	561
Investments in joint ventures	—	—	—	86,686	86,686
Inventories	2,216,029	995,044	1,927,164	9,384,944	14,523,181
Trade and other receivables, prepayments and other assets	797,860	254,995	98,399	10,958,767	12,110,021
Tax recoverable	52,831	39,812	33,220	336,206	462,069
Cash and cash equivalents	148,113	44,617	98,146	718,721	1,009,597
Trade and other payables	(1,591,884)	(342,269)	(1,112,012)	(14,600,799)	(17,646,964)
Contract liabilities	(960,379)	(303,298)	(569,436)	(2,689,320)	(4,522,433)
Deferred tax liabilities	(1)	(2)	(7,943)	(82,246)	(90,192)
Bank and other loans	(662,520)	(683,900)	(434,970)	(3,766,866)	(5,548,256)
<b>Total identifiable net assets at fair value</b>	<b>49</b>	<b>4,999</b>	<b>32,568</b>	<b>346,654</b>	<b>384,270</b>
Gains on bargain purchase	—	—	—	(28,970)	(28,970)
Loss on remeasurement of pre-existing interests in joint ventures	1	1	3,972	112	4,086
<b>Total consideration</b>	<b>50</b>	<b>5,000</b>	<b>36,540</b>	<b>317,796</b>	<b>359,386</b>
Satisfied by:					
Cash consideration	—	—	—	—	—
Consideration payable included in trade and other payables	25	2,500	18,270	254,226	275,021
Reclassification from pre-existing interest in joint ventures to investment in subsidiaries	25	2,500	18,270	63,570	84,365
	<b>50</b>	<b>5,000</b>	<b>36,540</b>	<b>317,796</b>	<b>359,386</b>



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 21. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

## (b) Acquisition of subsidiaries that are a business (continued)

## (i) Six months ended 30 June 2023 (continued)

An analysis of the cash flows in respect of the acquisitions is as follows:

	<b>(Unaudited)</b> <b>RMB'000</b>
Cash consideration paid	—
Cash and bank balances acquired	<b>1,009,597</b>
Net inflow of cash and bank balances included in cash flows from investing activities	<b>1,009,597</b>

The fair value of the other receivables as at the date of the acquisition amounted to RMB5,463,021,000. The gross contractual amount of other receivables was RMB5,463,021,000, of which nil is expected to be uncollectible.

Since the acquisitions, the subsidiaries acquired during the period contributed RMB1,362,534,000 to the Group's revenue and RMB31,113,000 to the consolidated profit for the period.

Had the combination taken place at the beginning of the period, the revenue and the loss of the Group for the period would have been RMB14,452,248,000 and RMB1,769,413,000 respectively.

## (ii) Six months ended 30 June 2022

During the period ended 30 June 2022, the Group acquired 50% equity interests of Foshan Nanhai Logan Junyi Real Estate Co., Ltd. ("Logan Junyi"), Foshan Nanhai Logan Mingjun Real Estate Co., Ltd ("Logan Mingjun") and Shenzhen Zhiqi Investment Co., Ltd. ("Shenzhen Zhiqi") and certain entities included in "Others" below from joint venture partners, joint ventures and/or independent third parties. Upon completion of the acquisitions, most of the acquired entities became wholly-owned subsidiaries of the Group, except for certain entities included in "Others" below being non-wholly-owned subsidiaries. These acquired entities are principally engaged in the business of property development and property investment in the PRC. Among subsidiaries acquired in the current period, the aggregated consideration for subsidiaries that are a business acquired from joint ventures was RMB304,799,000.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 21. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

## (b) Acquisition of subsidiaries that are a business (continued)

## (ii) Six months ended 30 June 2022 (continued)

The fair values of the identifiable assets and liabilities of the above transactions as at the date of acquisition were as follows:

	Logan Junyi (Unaudited) RMB'000	Logan Mingjun (Unaudited) RMB'000	Shenzhen Zhiqi (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
Other property, plant and equipment	3	—	—	1,163	1,166
Investment properties	—	—	—	57,400	57,400
Inventories	1,438,427	334,109	8,033	26,870,692	28,651,261
Trade and other receivables and prepayments	145,234	138,127	476,870	19,699,567	20,459,798
Tax recoverable	68,013	85,410	—	1,106,543	1,259,966
Cash and cash equivalents	166,231	1,051	107	4,286,980	4,454,369
Trade and other payables	(847,506)	(329,448)	(480,010)	(34,606,583)	(36,263,547)
Contract liabilities	(870,391)	(8,313)	—	(6,713,250)	(7,591,954)
Bank and other loans	—	—	—	(9,689,124)	(9,689,124)
Total identifiable net assets at fair value	100,011	220,936	5,000	1,013,388	1,339,335
Gains on remeasurement of pre-existing interest in joint ventures	(33,219)	(120,936)	(17)	(8,618)	(162,790)
Total consideration	66,792	100,000	4,983	1,004,770	1,176,545
Satisfied by:					
Cash consideration	50,010	50,000	2,500	921,555	1,024,065
Consideration payables included in trade and other payables	16,782	50,000	2,483	—	69,265
Reclassification from pre-existing interest in joint ventures to investment in subsidiaries	—	—	—	83,215	83,215
	66,792	100,000	4,983	1,004,770	1,176,545

An analysis of the cash flows in respect of the acquisitions is as follows:

	(Unaudited) RMB'000
Cash consideration paid	(1,024,065)
Cash and bank balances acquired	4,454,368
Net inflow of cash and bank balances included in cash flows from investing activities	3,430,303

The fair value of the other receivables as at the date of the acquisition amounted to RMB20,459,798,000. The gross contractual amount of other receivables was RMB20,459,798,000, of which nil is expected to be uncollectible.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

**21. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)****(b) Acquisition of subsidiaries that are a business (continued)****(ii) Six months ended 30 June 2022 (continued)**

Since the acquisitions, the subsidiaries acquired during the period contributed RMB1,164,283,000 to the Group's revenue and RMB106,151,000 to the consolidated profit for the period.

Had the combination taken place at the beginning of the period, the revenue and the loss of the Group for the period would have been RMB14,906,586,000 and RMB1,054,641,000 respectively.

**22. DISPOSAL OF SUBSIDIARIES****Disposal of subsidiaries**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Net assets disposed of:		
Other property, plant and equipment	—	18,672
Deferred tax assets	607	4,867
Inventories	1,455,065	434,521
Trade and other receivables, prepayments and other assets	10,555	34,721
Tax recoverable	31,786	5,483
Cash and cash equivalents	248,598	294
Trade and other payables	(639,370)	(28,646)
Bank and other loans	(680,000)	—
Non-controlling interests	(277,329)	—
Net assets attributable to the Group disposed of	149,912	469,912
Loss on disposal of subsidiaries, net	(46,060)	(35,991)
Total consideration	103,852	433,921

An analysis of the net (outflow)/inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Cash consideration received	103,852	433,921
Cash and cash equivalents disposed of	(248,598)	(294)
Net cash (outflow)/inflow arising from disposal of subsidiaries	(144,746)	433,627

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

### 23. FINANCIAL GUARANTEES

At the end of the reporting period, the Group had the following financial guarantees:

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties (notes (i) and (ii))	<b>50,261,117</b>	56,419,348
Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures, associates and joint ventures partners provided by the Group (note (iii))	<b>14,988,475</b>	16,317,625
	<b>65,249,592</b>	72,736,973

The financial guarantee contracts are measured at the higher of the expected credit loss ("ECL") allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the holders for a credit loss that it incurs less any amounts that the Group expects to receive from the debtor. The amount initially recognised represents the fair value at initial recognition of the financial guarantees. The Group does not hold any credit enhancements over the guarantee.

Notes:

- (i) As at 30 June 2023 and 31 December 2022, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction banks, net of any auction proceeds as described below.

Pursuant to the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, in the event of default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

- (ii) The fair value of the guarantees at initial recognition and the ECL allowance are not significant as the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties.
- (iii) As at 30 June 2023, the Group provided seven (year ended 31 December 2022: seven) guarantees to the extent of RM B9,679,167,000 (US\$1,349,000,000) (year ended 31 December 2022: RMB9,377,763,000 (US\$1,349,000,000)) in respect of the borrowings of entities controlled by a joint venture partner. The joint venture partner is an independent third party. The borrowings have been used for the project development of the joint venture partner's joint ventures with the Group. The joint venture partner entered into counter-guarantee agreements with the Group, pursuant to which the joint venture partner provided counter-guarantees to the Group in respect of guarantees provided by the Group to the banks and other lenders to entities controlled by the joint venture partner. The counter-guarantees are secured by property projects, the valuation of which is sufficient to cover the guarantee amount of RMB9,679,167,000 (US\$1,349,000,000) (year ended 31 December 2022: 9,377,763,000 (US\$1,349,000,000)) provided by the Group.

In the opinion of the directors, the fair value of the guarantees at the initial recognition and the ECL allowance are not significant.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 24. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Contracted, but not provided for	<b>19,330,568</b>	21,569,071

## 25. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in the interim financial information, the Group had the following material transactions with related parties during the period:

		<b>Six months ended 30 June</b>	
		<b>2023 (Unaudited) RMB'000</b>	2022 (Unaudited) RMB'000
	Notes		
Construction contracts income from joint ventures	(ii)	<b>188,523</b>	799,676
Construction contracts income from associates	(ii)	<b>1,075</b>	12,282
Project management service income from joint ventures	(ii)	<b>10,426</b>	197,744
Project management service income from associates	(ii)	<b>27,821</b>	3,282
Decoration income from related companies	(i)	—	143
Decoration income from joint ventures	(ii)	<b>73,982</b>	142,498
Decoration income from associates	(ii)	<b>1,977</b>	15,622
Design service income from related companies	(i)	—	974
Design service income from joint ventures	(ii)	<b>1,517</b>	7,410
Design service income from associates	(ii)	<b>3,804</b>	9,882
Rental income from related companies	(iii)	<b>3,330</b>	12,573
Rental income from joint ventures	(iii)	<b>1,688</b>	3,259
Rental income from associates	(iii)	—	384
Interest income from joint ventures	(iv)	<b>134,149</b>	326,663
Interest income from associates	(iv)	—	17,891

Notes:

- (i) The income was derived from the decoration and design services provided to related companies controlled by Mr. Kei Hoi Pang ("Mr. Kei") at rates similar to the terms and conditions set out in the contracts entered into with the other major customers of the Group.
- (ii) The income represented the gross income derived from the construction, project management, decoration and design services provided to joint ventures and associates, which are before the elimination of relevant income between the Group and joint ventures or associates, at rates similar to the terms and conditions set out in the contracts entered into with the other major customers of the Group.
- (iii) The income was derived from the leasing of the Group's investment properties to related companies controlled by Mr. Kei, joint ventures and associates at rates similar to the terms and conditions set out in the rental agreements entered into with the other tenants of the Group.
- (iv) This represented the gross interest income from the joint ventures and associates, which is before the elimination of interest between the Group and joint ventures or associates. The Group has been providing funds to joint ventures and associates.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

### 25. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Remuneration to key management personnel includes amounts paid to the directors is as follows :

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Fees	<b>780</b>	623
Salaries, allowances and benefits in kind	<b>6,961</b>	9,822
Discretionary performance related bonuses	—	2,522
Retirement scheme contributions	<b>336</b>	263
Equity-settled share option expense	<b>53</b>	1,481
	<b>8,130</b>	14,711

### 26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments, other than derivative financial instruments, and senior notes and corporate bonds, reasonably approximate to their fair values.

Management has assessed that the fair values of the current portion of cash and bank balance, trade receivables, trade payables, the current portion of financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, the current portion of bank and other loans, amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

For the Group's assets and liabilities not measured at fair value in the condensed consolidated statement of financial position but for which the fair value is disclosed, (i) the carrying amounts of the amounts due from joint ventures and associates included in investments in joint ventures and associates, non-current portion of financial assets included in other receivables, bank and other loans and assets and liabilities under cross-border guarantee arrangements approximated to their fair values and were determined as Level 3; (ii) the fair values of the senior notes and certain corporate bonds were RMB2,909,818,000 with carrying amount of RMB26,249,499,000 and RMB4,041,913,000 with carrying amount of RMB13,678,286,000, respectively (31 December 2022: RMB5,860,482,000 with carrying amount of RMB25,459,981,000 and RMB3,039,159,000 with carrying amount of RMB13,987,100,000, respectively), and were determined as Level 1; and (iii) the fair values of the remaining corporate bonds were RMB1,037,271,000 with carrying amount of RMB3,369,185,000 (31 December 2022: RMB1,451,609,000 with carrying amount of RMB4,047,327,000), and were determined as Level 2.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

**26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of bank deposits, amounts due from joint ventures and associates included in investments in joint ventures and associates, non-current portion of financial assets included in other receivables, bank and other loans and certain corporate bonds and assets and liabilities under cross-border guarantee arrangements have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of the senior notes and certain corporate bonds are calculated with reference to quoted market prices at the reporting date. The changes in fair value as a result of the Group's own non-performance risk for bank and other loans as at 30 June 2023 and 31 December 2022 were assessed to be insignificant.

Derivative financial instruments are measured using residual method by subtracting the fair value of the straight debt from the quoted market price of the notes at the date of valuation. The fair value measurement is negatively correlated to risk free rate, option adjusted spread and discount rate. The carrying amounts of derivative financial instruments are the same as their fair values.

**Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

**(Liabilities)/assets measured at fair value:**

As at 30 June 2023 (Unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Senior notes redemption call options	—	—	—	—
Equity-linked securities redemption option of security holders	—	—	(4,529)	(4,529)
Equity-linked securities conversion option of security holders	—	—	—	—

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

(Liabilities)/assets measured at fair value: (continued)

As at 31 December 2022 (Audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Senior notes redemption call options	—	—	—	—
Equity-linked securities redemption option of security holders	—	—	(4,388)	(4,388)
Equity-linked securities conversion option of security holders	—	—	—	—

The movements in fair value measurements within Level 3 during the period are as follows:

For the six months ended 30 June 2023

	Senior notes redemption call options RMB'000	Equity-linked securities redemption option of security holders RMB'000	Equity-linked securities conversion option of security holders RMB'000	Total RMB'000
At 1 January	—	(4,388)	—	(4,388)
Total (loss)/gains recognised in statement of profit or loss	—	—	—	—
Exchange realignment	—	(141)	—	(141)
At 30 June	—	(4,529)	—	(4,529)



## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

## 26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

(Liabilities)/assets measured at fair value: (continued)

For the six months ended 30 June 2022

	Senior notes redemption call options RMB'000	Equity-linked securities redemption option of security holders RMB'000	Equity-linked securities conversion option of security holders RMB'000	Total RMB'000
At 1 January	—	—	—	—
Total loss/gains recognised in statement of profit or loss	—	(4,082)	—	(4,082)
Exchange realignment	—	(93)	—	(93)
At 30 June	—	(4,175)	—	(4,175)

Below is a summary of the valuation techniques used and the key inputs to the valuation of senior note redemption call options, equity-linked securities redemption option of security holders and equity-linked securities conversion option of security holders:

	Valuation techniques	Significant unobservable inputs	Range	
			30 June 2023	31 December 2022
Senior note redemption call options	Residual method	Risk free rate	4.00% to 4.75%	4.00% to 4.75%
		Option adjusted spread	13.13% to 292.68%	13.13% to 292.68%
		Discount rate	17.25% to 297.43%	17.25% to 297.43%
Equity-linked securities redemption option of security holders	Residual method	Risk free rate	4.99%	4.99%
		Option adjusted spread	37.17%	37.17%
		Discount rate	42.16%	42.16%
Equity-linked securities conversion option of security holders	Residual method	Risk free rate	4.16%	4.16%
		Option adjusted spread	38.73%	38.73%
		Discount rate	42.89%	42.89%

The fair values of derivative financial instruments are determined using the residual method by subtracting the fair value of the straight debt from the quoted market price of the notes at the date of valuation. The fair value measurement is negatively correlated to risk free rate, option adjusted spread and discount rate.

During the period, there were no transfers of fair value measurements between level 1 and level 2 and no transfers into or out of level 3 for both financial assets and financial liabilities (2022: Nil).

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

### 27. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with the current period's presentation.

### 28. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information was approved and authorised for issue by the board of directors on 30 August 2023.