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LOGAN

龙光集团

Logan Group Company Limited

龍光集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3380)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

INTERIM RESULTS HIGHLIGHTS

- The contracted sales amounted to RMB30.34 billion.
- Revenue amounted to RMB12.63 billion.
- Core profit^{Note 1} attributable to the owners of the Company amounted to RMB40,684,000.
- Net loss for the Period amounted to RMB711 million. The decline in profit is mainly due to (i) the decline in delivery and decrease in income during the Period as the COVID-19 pandemic caused delays in the construction progress; (ii) the period-on-period decline in sales due to the continuing downturn of the real estate industry; and (iii) the decrease in gross profit margin caused by the recognition of some projects with lower gross profit.
- Total assets amounted to RMB294.14 billion, while current assets amounted to RMB232.15 billion; and the current ratio amounted to 1.35 times.

^{Note 1} Core profit is equal to net profit adjusted to changes in fair value of investment properties and derivative financial instruments and the relevant deferred tax, provision for impairment of inventories, loss/gain from disposal of assets, dividend withholding tax and equity-settled share option expense.

INTERIM RESULTS

The board of directors (the “**Board**”) of Logan Group Company Limited (the “**Company**” or “**Logan Group**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six-month period ended 30 June 2022 (the “**Period**”). These interim results have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” and reviewed by UniTax Prism (HK) CPA Limited, the independent auditor of the Company (the “**Auditor**”), 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 Hong Kong Institute of Certified Public Accountants. These interim results have also been reviewed by the Audit Committee of the Company.

The unaudited consolidated results for the six months ended 30 June 2022 are set out as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Six month ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
REVENUE	3	12,629,410	35,165,316
Cost of sales		(10,871,479)	<u>(25,700,116)</u>
Gross profit		1,757,931	9,465,200
Other income and gains	3	143,603	1,105,822
Other expenses		(332,543)	(37,707)
Selling and marketing expenses		(692,944)	(840,392)
Administrative expenses		(680,657)	(959,497)
Fair value gains on investment properties, net		269,798	1,297,258
Fair value losses on derivative financial instrument, net		(4,082)	(158,345)
Share of profits/(losses) of associates		137,820	(30,598)
Share of losses of joint ventures		(286,361)	<u>(287,048)</u>
PROFIT FROM OPERATIONS		312,565	9,554,693
Finance costs	4	(734,486)	<u>(382,188)</u>
(LOSS)/PROFIT BEFORE TAX	5	(421,921)	9,172,505
Income tax expense	6	(289,267)	<u>(2,672,077)</u>
(LOSS)/PROFIT FOR THE YEAR		(711,188)	<u><u>6,500,428</u></u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)*For the six months ended 30 June 2022*

	Six month ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Attributable to:		
Owners of the parent	(540,565)	6,181,928
Non-controlling interests	(170,623)	318,500
	<u>(711,188)</u>	<u>6,500,428</u>
(LOSS)/EARNINGS PER SHARE		
ATTRIBUTABLE TO ORDINARY EQUITY		
HOLDERS OF THE PARENT (<i>RMB cents</i>)	<i>7</i>	
Basic	<u>(10.90)</u>	<u>112.13</u>
Diluted	<u>(10.90)</u>	<u>111.69</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
(EXPENSES)/INCOME**

For the six months ended 30 June 2022

	Six month ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
(LOSS)/PROFIT FOR THE PERIOD	<u>(711,188)</u>	<u>6,500,428</u>
OTHER COMPREHENSIVE (EXPENSES)/INCOME FOR THE PERIOD, NET OF TAX		
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>(913,633)</u>	<u>324,417</u>
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE YEAR, NET OF TAX	<u>(1,624,821)</u>	<u>6,824,845</u>
Attributable to:		
Owners of the parent	<u>(1,454,198)</u>	6,506,345
Non-controlling interests	<u>(170,623)</u>	<u>318,500</u>
	<u>(1,624,821)</u>	<u>6,824,845</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

		30 June 2022 (Unaudited) <i>RMB'000</i>	31 December 2021 (Audited) <i>RMB'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Investment properties	8	35,788,470	35,104,201
Other property, plant and equipment		192,326	176,476
Deferred tax assets		2,109,570	1,595,940
Investments in associates		4,226,371	4,832,770
Investments in joint ventures		18,469,954	18,566,822
Trade and other receivables, prepayments and other assets		902,963	863,865
Assets under cross-border guarantee arrangements		305,000	305,000
Cash and bank balances		—	1,125,794
		61,994,654	62,570,868
Total non-current assets			
CURRENT ASSETS			
Inventories		154,788,105	117,047,214
Trade and other receivables, prepayments and other assets	9	49,272,331	56,471,277
Tax recoverable		3,904,818	2,991,425
Assets under cross-border guarantee arrangements		9,830,011	9,710,243
Cash and bank balances		14,352,272	37,110,530
		232,147,537	223,330,689
Total current assets			
CURRENT LIABILITIES			
Trade and other payables	10	50,909,589	46,926,259
Contract liabilities		59,106,263	52,018,475
Liabilities under cross-border guarantee arrangements		10,111,890	10,768,008
Bank and other loans		26,999,986	20,410,515
Senior notes		4,937,124	2,345,377
Other current liabilities		12,394,140	13,112,660
Tax payable		8,121,057	9,544,505
		172,580,049	155,125,799
Total current liabilities			
NET CURRENT ASSETS		59,567,488	68,204,890
TOTAL ASSETS LESS CURRENT LIABILITIES		121,562,142	130,775,758

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

30 June 2022

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
NON-CURRENT LIABILITIES		
Liabilities under cross-border guarantee arrangements	572,191	547,040
Bank and other loans	26,032,135	29,115,607
Senior notes	19,441,226	19,846,343
Corporate bonds	6,403,834	9,044,000
Deferred tax liabilities	5,598,035	4,454,485
	<u>58,047,421</u>	<u>63,007,475</u>
Total non-current liabilities	<u>58,047,421</u>	<u>63,007,475</u>
Net assets	<u><u>63,514,721</u></u>	<u><u>67,768,283</u></u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	450,227	450,569
Perpetual capital securities	2,363,346	2,363,346
Reserves	43,476,526	45,080,701
	<u>46,290,099</u>	<u>47,894,616</u>
Non-controlling interests	<u>17,224,622</u>	<u>19,873,667</u>
Total equity	<u><u>63,514,721</u></u>	<u><u>67,768,283</u></u>

NOTES

For the six months ended 30 June 2022

1. BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements for the period ended 30 June 2022 has been prepared under the going concern basis. Pursuant to the terms and conditions of the senior notes agreement, the Group has failure to pay the interest for the following senior notes: 4.7% senior notes due 2026 issued on 6 July 2021, 4.25% senior notes due 2025 issued on 12 April 2021, 4.5% senior notes due 2028 issued on 13 January 2021, 5.75% senior notes due 2025 issued on 14 January 2020, 6.5% senior notes due 2023 issued on 16 July 2019 and the principal amount of 7.5% senior notes due 2022 issued on 25 February 2019 which may lead to demand for acceleration of repayment. The Group has senior notes with an aggregate principal amount of RMB24,378,350,000 and cash and bank balances of RMB14,352,272,000 for the period ended 30 June 2022. In the opinion of the directors, the Group will have sufficient working capital 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, based on the cash flow projections of the Group and after taking into consideration that the Group's the senior notes.

1.1 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 2022 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 Group's annual results announcement for the year ended 31 December 2021.

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.

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the Group's interim financial information:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment — Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16 and HKAS 41.

The application of the amendments to HKFRSs in the current interim 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.

2. OPERATING SEGMENT INFORMATION

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

- (a) the property development segment develops and sells residential and commercial properties, retail shops and office units and sells land held for development;
- (b) the development management segment engages in construction of office premises and residential buildings and provides decoration services for external customers and for group companies, and provides interior decoration services to property buyers;
- (c) the urban redevelopment segment engages in the sale of land and properties held for urban development; and
- (d) the property operation segment leases 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.

The Group's revenue from external customers from each operating segment is set out in note 3 below.

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.

2. OPERATING SEGMENT INFORMATION (CONTINUED)

Information regarding the reportable segments is presented below.

	Property development <i>RMB'000</i>	Development management <i>RMB'000</i>	Urban redevelopment <i>RMB'000</i>	Property operation <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended 30 June 2022					
(Unaudited)					
Revenue from external customers	10,498,381	2,002,655	—	128,374	12,629,410
Inter-segment revenue	—	2,957,664	—	31,825	2,989,489
Reportable segment revenue	<u>10,498,381</u>	<u>4,960,319</u>	<u>—</u>	<u>160,199</u>	<u>15,618,899</u>
Reportable segment profit	<u>222,523</u>	<u>508,151</u>	<u>—</u>	<u>123,563</u>	<u>854,237</u>
	Property development <i>RMB'000</i>	Development management <i>RMB'000</i>	Urban redevelopment <i>RMB'000</i>	Property operation <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended 30 June 2021					
(Unaudited)					
Revenue from external customers	27,667,193	4,499,570	2,904,631	93,922	35,165,316
Inter-segment revenue	—	7,421,744	—	19,928	7,441,672
Reportable segment revenue	<u>27,667,193</u>	<u>11,921,314</u>	<u>2,904,631</u>	<u>113,850</u>	<u>42,606,988</u>
Reportable segment profit	<u>5,364,727</u>	<u>2,742,300</u>	<u>1,741,797</u>	<u>73,835</u>	<u>9,922,659</u>

2. OPERATING SEGMENT INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue and profit or loss

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Reportable segment profit	15,618,899	42,606,988
Elimination of inter-segment profits	<u>(2,989,489)</u>	<u>(7,441,672)</u>
Consolidated revenue	<u>12,629,410</u>	<u>35,165,316</u>
(Loss)/profit		
Reportable segment profit	854,237	9,922,659
Elimination of inter-segment profits	<u>(309,362)</u>	<u>(1,938,913)</u>
Reportable segment profit from the Group's external customers	544,875	7,983,746
Other income and gains	143,603	1,105,822
Other expenses	(332,543)	(37,707)
Depreciation	(21,464)	(26,044)
Finance costs	(734,486)	(382,188)
Share of profits/(losses) of associates	137,820	(30,598)
Share of losses of joint ventures	(286,361)	(287,048)
Fair value gains on investment properties, net	269,798	1,297,258
Fair value losses on derivative financial instrument, net	(4,082)	(158,345)
Unallocated head office and corporate expenses	<u>(139,081)</u>	<u>(292,391)</u>
Consolidated (loss)/profit before tax	<u>(421,921)</u>	<u>9,172,505</u>

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.

3. REVENUE, OTHER INCOME AND GAINS, NET

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

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<i>Revenue from contracts with customers</i>		
Property development*	10,498,381	27,667,193
Development management income	2,002,655	4,499,570
Urban redevelopment business income	—	2,904,631
<i>Revenue from other source</i>		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	<u>128,374</u>	<u>93,922</u>
	<u>12,629,410</u>	<u>35,165,316</u>

* The invoiced amount billed to buyers of properties for the six months ended 30 June 2022 was RMB11,405,088,000 (six months ended 30 June 2021: RMB30,140,780,000), including value-added tax of RMB906,707,000 (six months ended 30 June 2021: RMB2,473,587,000).

Revenue from contracts with customers

(i) Disaggregated revenue information

For the six months ended 30 June 2022

(Unaudited)	Property development RMB'000	Development management RMB'000	Urban redevelopment RMB'000	Total RMB'000
Timing of revenue recognition:				
Goods transferred at a point in time	8,359,128	—	—	8,359,128
Goods transferred over time	2,139,253	—	—	2,139,253
Services transferred over time	—	<u>2,002,655</u>	—	<u>2,002,655</u>
Total revenue from contracts with customers	<u>10,498,381</u>	<u>2,002,655</u>	<u>—</u>	<u>12,501,036</u>

3. REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

For the six months ended 30 June 2021

(Unaudited)	Property development <i>RMB'000</i>	Development management <i>RMB'000</i>	Urban redevelopment <i>RMB'000</i>	Total <i>RMB'000</i>
Timing of revenue recognition:				
Goods transferred at a point in time	27,667,193	—	2,904,631	30,571,824
Services transferred over time	<u>—</u>	<u>4,499,570</u>	<u>—</u>	<u>4,499,570</u>
Total revenue from contracts with customers	<u><u>27,667,193</u></u>	<u><u>4,499,570</u></u>	<u><u>2,904,631</u></u>	<u><u>35,071,394</u></u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the six months ended 30 June 2022

(Unaudited)	Property development <i>RMB'000</i>	Development management <i>RMB'000</i>	Urban redevelopment <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers:				
External customers	10,498,381	2,002,655	—	12,501,036
Intersegment sales	<u>—</u>	<u>2,957,664</u>	<u>—</u>	<u>2,957,664</u>
Total revenue from contracts with customers	10,498,381	4,960,319	—	15,458,700
Intersegment adjustment and eliminations	<u>—</u>	<u>(2,957,664)</u>	<u>—</u>	<u>(2,957,664)</u>
Total revenue from contracts with customers	<u><u>10,498,381</u></u>	<u><u>2,002,655</u></u>	<u><u>—</u></u>	<u><u>12,501,036</u></u>

3. REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

For the six months ended 30 June 2021

(Unaudited)	Property development <i>RMB'000</i>	Development management <i>RMB'000</i>	Urban redevelopment <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers:				
External customers	27,667,193	4,499,570	2,904,631	35,071,394
Intersegment sales	—	7,421,744	—	7,421,744
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	27,667,193	11,921,314	2,904,631	42,493,138
Intersegment adjustment and eliminations	—	(7,421,744)	—	(7,421,744)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>27,667,193</u>	<u>4,499,570</u>	<u>2,904,631</u>	<u>35,071,394</u>

Other income and gains

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Bank interest income	40,068	344,948
Interest income on amounts due from associates and joint ventures	344,554	473,754
Forfeiture income on deposits received	43,062	34,920
(Loss)/gain on disposal of subsidiaries	(35,991)	3,592
Gain on deemed disposal of subsidiaries upon loss of control, net	—	(56,809)
Gain on remeasurement of pre-existing interests in joint ventures to the date of obtaining control and acquisition	162,790	157,038
(Loss)/gain on disposal or bargain purchase of joint ventures, net	(431,702)	59,757
Others	20,822	88,622
	<hr/>	<hr/>
	<u>143,603</u>	<u>1,105,822</u>

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank and other loans and other finance costs	1,353,205	1,018,694
Interest on senior notes	739,030	724,891
Interest on corporate bonds	436,333	525,955
	<u>2,528,568</u>	<u>2,269,540</u>
Total interest expense on financial liabilities not at fair value through profit or loss	2,528,568	2,269,540
Less: Interest capitalised	(1,794,082)	(1,887,352)
	<u>734,486</u>	<u>382,188</u>

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of properties sold	9,133,879	22,220,891
Cost of services provided	1,737,600	3,479,225
	<u>27,791</u>	<u>42,586</u>
Depreciation	27,791	42,586
Less: Amount capitalised	(6,327)	(16,542)
	<u>21,464</u>	<u>26,044</u>
Equity-settled share option expense	11,793	19,230
Net loss/(gain) on disposal of items of other property, plant and equipment	17	(569)
Provision for impairment of inventories*	223,900	—
Foreign exchange differences, net*	32,601	3,235
	<u>32,601</u>	<u>3,235</u>

* These items are included in "Other expenses" in the condensed consolidated statement of profit or loss.

6. 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 2022 (2021: Nil). 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.

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Current charge for the year:		
PRC CIT	524,452	1,749,206
PRC LAT	258,398	678,773
Withholding tax	—	150,000
	<u>782,850</u>	<u>2,577,979</u>
Deferred	(493,583)	94,098
	<u>289,267</u>	<u>2,672,077</u>

7. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount for the six months ended 30 June 2022 is based on the (loss)/profit for the year attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities, and the weighted average number of ordinary shares of 5,685,717,000 (six months ended 30 June 2021: 5,447,738,146) in issue less the weighted average number of shares held under the share award scheme during the period.

The calculation of the diluted (loss)/earnings per share amount for the six months ended 30 June 2022 is based on the (loss)/profit 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 year, as used in the basic (loss)/earnings 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.

7. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

The calculations of the basic and diluted (loss)/earnings per share are based on:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
(Loss)/earnings		
(Loss)/profit attributable to owners of the parent	(540,565)	6,181,928
Distribution related to perpetual capital securities	(79,195)	(79,419)
	<u> </u>	<u> </u>
(Loss)/profit used in the basic and diluted earnings per share calculations	<u>(619,760)</u>	<u>6,102,509</u>
	Number of shares	
	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	'000	'000
Shares		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the year, used in the basic (loss)/earnings per share calculation	5,685,717	5,442,228
Effect of dilution — weighted average number of ordinary shares:		
Share options	<u> —</u>	<u> 21,501</u>
Weighted average number of ordinary shares in issue during the year, used in the diluted (loss)/earnings per share calculation	<u>5,685,717</u>	<u>5,463,729</u>

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

8. INVESTMENT PROPERTIES

Most of the Group's investment properties and investment properties under construction were revalued on 30 June 2022 based on valuations performed by APAC Asset Valuation and Consulting Limited and Greater China (Shanghai) Appraisal Limited, independent professionally qualified valuers.

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.

8. INVESTMENT PROPERTIES (CONTINUED)

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 RMB269,798,000 (six months ended 30 June 2021: RMB1,297,258,000), additions in investment properties and investment properties under construction amounted to RMB309,246,000 (six months ended 30 June 2021: RMB1,071,704,000), no transfer from properties under development to investment properties under construction (six months ended 30 June 2021: RMB1,647,276,000), additions in investment properties (through acquisition of subsidiary), amounting to RMB57,400,000 and no transfer from other property, plant and equipment to investment properties (six months ended 30 June 2021: Nil).

9. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

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

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

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 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:

	30 June 2022 RMB'000	31 December 2021 RMB'000
Within 30 days	1,277,943	2,085,030
31 days to 90 days	488,452	833,356
91 to 180 days	873,345	498,256
181 to 365 days	459,027	873,335
	<u>3,098,767</u>	<u>4,289,977</u>

10. TRADE AND OTHER PAYABLES

Included in the balance as at 30 June 2022 is an aggregate trade payables balance of RMB20,976,537 (31 December 2021: RMB22,390,931). An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Current to 30 days	3,419,391	4,702,809
31 to 90 days	4,097,069	3,686,768
91 to 180 days	5,946,820	2,724,916
181 to 365 days	3,817,931	5,443,110
Over 365 days	3,695,326	5,833,328
	<u>20,976,537</u>	<u>22,390,931</u>

The trade payables are non-interest-bearing.

11. DIVIDEND

	Six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Declared interim dividend — Nil (six months ended 30 June 2021: HK 49 cents per ordinary share)	—	2,254,350

12. EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 7 August 2022, the Company suspended the payment of interest of the following senior notes to facilitate the Holistic Liability Management Solution and treat all the creditors fairly: 4.7% senior notes due 2026 issued on 6 July 2021, 4.25% senior notes due 2025 issued on 12 April 2021, 4.5% senior notes due 2028 issued on 13 January 2021, 5.75% senior notes due 2025 issued on 14 January 2020, and 6.5% senior notes due 2023 issued on 16 July 2019. The outstanding principal of above senior notes amounted to US\$1.6 billion (equivalent to RMB10.81 billion) and the aggregate unpaid interest amounted to US\$41.8 million (equivalent to RMB282.5 million). The suspension of payment of interest for the above senior notes may lead to demand for acceleration of repayment.

As disclosed in the announcement of the Company dated 23 August 2022, the Company expected that it would be unable to pay the principal amount of the 7.5% senior notes due 25 August 2022. The Company suspended the payment of the above senior notes on 25 August 2022. Such non-payment may lead to demand for acceleration of repayment by the creditors.

EXTRACT OF INDEPENDENT REVIEW REPORT

Material Uncertainty Related to Going Concern

We draw attention to the interim financial information which states that, the Group did not pay (1) the interest for the following senior notes: 4.7% senior notes due 2026 issued on 6 July 2021, 4.25% senior notes due 2025 issued on 12 April 2021, 4.5% senior notes due 2028 issued on 13 January 2021, 5.75% senior notes due 2025 issued on 14 January 2020, and 6.5% senior notes due 2023 issued on 16 July 2019, and (2) the principal for the 7.5% senior notes due 2022 issued on 25 February 2019. The outstanding principal of the above senior notes amounted to approximately US\$1.9 billion (equivalent to RMB12.87 billion) and the aggregate unpaid interest amounted to approximately US\$53.1 million (equivalent to RMB359.5 million) as at 23 August 2022. The non-payment of principal or interest for the above senior notes (as the case may be) may lead to demand for acceleration of repayment. As at 30 June 2022, the Group had senior notes with an aggregate principal amount of RMB24,378,350,000 and cash and bank balances of RMB14,352,272,000. This condition indicates the existence of a material uncertainty which may cause significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the board of directors of the Company (the “**Board**”), I hereby present the interim results of the Group for the six months ended 30 June 2022 (the “**Period**”).

In the first half of 2022, the novel coronavirus pandemic (“**COVID-19**”) continued to spread. China’s real estate industry has been in a down-cycle. From January to July 2022, the sales of commodity housing in China continued with its decline, indicating China’s real estate industry remains in a challenging situation.

The Group adheres to both stable operation and debt management. While striving to stabilize its production and operation activities, the Group continues to strengthen and refine management and improve the efficiency of project development and operation. With the orderly progress of project construction in various areas since the beginning of the year, the delivery schedule has been fully met. From January to July 2022, the Group completed project deliveries as scheduled in more than 10 cities with a contract delivery rate of 100%, and an average delivery satisfaction of 95 points.

On the other hand, the extension of domestic and overseas debts was arranged in an active and orderly manner despite the short-term liquidity challenge facing the Group. As of 23 August 2022, in addition to the completion of extension for payment in connection with 12 onshore open market bonds in the domestic capital market, the Group continued to maintain active and continuous communication and dialogue with its offshore creditors, to continue to facilitate the holistic liability management solutions. The Group will use its best endeavors to treat all of its creditors fairly and protect the interests of the Group’s various stakeholders.

Looking ahead, it is expected that China’s real estate industry will continue to face a challenging business environment in the short term. The Group will continue to take proactive measures to ensure normal operations, speed up the sales of properties under development and completed properties, accelerate the collection of sales cash flows and other receivables, and dispose assets when necessary, while strictly controlling administrative costs and capital expenditures. At the same time, with “stable operation and ensuring delivery” as the business focus, we will fully protect the interests of customers, partners and investors, and fulfill our responsibilities as a corporate citizen.

ACKNOWLEDGEMENTS

On behalf of the Board, I express my heartfelt gratitude to all our shareholders, investors, partners, customers, and the community for their support and trust. The Group will continue to strive for quality, sustainable and steady operation by upholding our long established transparent, healthy and impartial development value.

Kei Hoi Pang

Chairman

Hong Kong

31 August 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overall Review

For the six-month period ended 30 June 2022, the revenue of the Group was RMB12,629.4 million, representing a decrease of approximately 64.1% as compared with the corresponding period of 2021. The gross profit was RMB1,757.9 million. Loss for the Period amounted to RMB711 million. Core profit attributable to owners of the Company amounted to RMB40,684,000.

Property Development

Contracted sales

In the first half of 2022, 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 RMB30,340.3 million. For the contracted sales in the first half of 2022, Greater Bay Area, Yangtze River Delta Region, Southwest Region, Singapore and other regions accounted for approximately 37.2%, 29.0%, 15.4%, 4.0% and 14.4%, respectively. The contracted sales were mainly generated from Greater Bay Area, Yangtze River Delta Region and Southwest Region. In the second half of 2022, the key projects to be launched by the Group include Shenzhen Logan Headquarters Center (深圳龍光總部中心), Huizhou Logan City (惠州龍光城), Shanghai Logan Sirius (上海龍光天曜) and Chengdu TianYing (成都天瀛).

Region	Amount (RMB million)	Contracted sales in the first half of 2022			ASP ¹ (RMB/ sq.m.)
		Percentage	Total GFA ¹ (sq.m.)	Percentage	
Greater Bay Area	11,272	37.2%	590,878	31.0%	18,159
Yangtze River Delta Region	8,810	29.0%	315,309	16.5%	27,841
Southwest Region	4,679	15.4%	468,135	24.6%	9,807
Singapore	1,224	4.0%	13,847	0.7%	88,398
Other regions	4,355	14.4%	518,354	27.2%	8,020
Total	<u>30,340</u>	<u>100%</u>	<u>1,906,523</u>	<u>100%</u>	<u>15,463</u>

Note:

1. Excluding car parking spaces

Newly commenced projects

In the first half of 2022, the Group commenced construction of a total of 10 projects or new project phases with a total planned GFA of approximately 1.0 million sq.m..

Completed projects

In the first half of 2022, the Group completed 28 projects or project phases with a total planned GFA of approximately 1.3 million sq.m..

Developing projects

As at 30 June 2022, the Group had a total of 141 projects or project phases under construction with a total planned GFA of approximately 22.2 million sq.m..

Land Reserves

For the six months ended 30 June 2022, the Group did not acquire any new projects through public tendering, auction or listing.

As at 30 June 2022, the total GFA of the land reserves of the Group amounted to approximately 33,260,835 sq.m.*, the average cost of land reserves was RMB5,258 per sq.m., in which Guangdong-Hong Kong-Macao Greater Bay Area and Yangtze River Delta Region accounted for about 74%, if calculated by land value.

Land reserves as at 30 June 2022

	GFA (sq.m.)	Percentage
Shenzhen/Huizhou/Dongguan	7,763,650	23.3%
Guangzhou/Foshan/Zhaoqing	5,636,704	16.9%
Zhuhai/Zhongshan/Jiangmen	2,701,210	8.2%
Hong Kong	<u>41,805</u>	<u>0.1%</u>
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	<u>16,143,369</u>	<u>48.5%</u>
Southwest Region	7,410,121	22.3%
Yangtze River Delta Region	2,322,538	7.0%
Central Region	150,161	0.5%
Singapore	47,060	0.1%
Other Regions	<u>7,187,586</u>	<u>21.6%</u>
Total	<u><u>33,260,835*</u></u>	<u><u>100.0%</u></u>
Land cost (<i>RMB per sq.m.</i>)	<u><u>5,258</u></u>	

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

FINANCIAL REVIEW

Performance Highlights

	For the six-month period ended 30 June		
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>	Changes %
Revenue	12,629,410	35,165,316	-64.1
Among which: property development			
— Revenue from properties delivered	10,498,381	27,667,193	-62.1
— GFA of properties delivered (<i>sq.m.</i>) ¹	562,741	1,823,474	-69.1
— ASP of properties delivered ¹ (<i>RMB/sq.m.</i>)	14,433	15,119	-4.5
Development management income	2,002,655	4,499,570	-55.5
Urban redevelopment business income	—	2,904,631	-100.0
Property operation income	128,374	93,922	36.7
Gross profit	1,757,930	9,465,200	-81.4
(Loss)/profit for the period			
— Attributable to owners of the parent	(540,565)	6,181,928	-108.7
— Attributable to non-controlling interests	(170,623)	318,500	-153.6
— Total	(711,188)	6,500,428	-110.9
Core profit/(loss)⁽¹⁾			
— Attributable to owners of the parent	40,684	5,581,560	-99.3
— Attributable to non-controlling interests	(170,623)	273,500	-162.4
— Total	(129,939)	5,855,060	-102.2

	30 June	31 December	
	2022	2021	Changes
	RMB'000	RMB'000	%
Total assets	294,142,191	285,901,558	2.9
Cash and bank balances	14,352,272	38,236,324	-62.5
Total bank and other borrowings²	96,208,445	93,874,502	2.5
Total equity	63,514,721	67,768,283	-6.3
Total equity attributable to owners of the parent	46,290,099	47,894,617	-3.4

Key financial ratios

Gross profit margin ⁽²⁾	13.9%	26.9%
Core profit margin ⁽³⁾	-1.0%	16.7%
Net debt-to-equity ratio ⁽⁴⁾	128.9%	82.1%
Liability to asset ratio ⁽⁵⁾	73.0%	71.0%

Notes:

1. Excluding the GFA attributable to the car parking spaces.
2. Including bank and other loans, senior notes and corporate bonds.
- (1) Core profit: Net profit, adjusted to changes in fair value of investment properties and derivative financial instruments and the relevant deferred tax, provision for impairment of inventories, loss/gain from disposal of assets dividend withholding tax and equity-settled share option expenses
- (2) Gross profit margin: $\text{Gross profit} \div \text{revenue} \times 100\%$
- (3) Core profit margin: $\text{Core profit} \div \text{revenue} \times 100\%$
- (4) Net debt-to-equity ratio: $(\text{Total bank and other borrowings} - \text{cash and bank balances}) \div \text{total equity} \times 100\%$
- (5) Liability to asset ratio: $\text{Total liabilities deducting contract liabilities} \div \text{total assets deducting contract liabilities} \times 100\%$

Revenue from Property Development

For the six-month period ended 30 June 2022, the revenue from property development amounted to approximately RMB10,498.4 million, representing a decrease of approximately 62.1% as compared with the revenue from property development of approximately RMB27,667.2 million in the corresponding period of 2021. Area delivered (excluding car parking spaces) decreased by 69.1% to 562,741 sq.m. for the six-month period ended 30 June 2022 from 1,823,474 sq.m. in the corresponding period of 2021. Greater Bay Area, Southwest Region, Yangtze River Delta Region and Other Regions contributed to the revenue from property development in the first half of 2022, accounting for approximately 57.7%, 17.8%, 0.3%, and 24.2%, respectively.

	Revenue from property development in the first half of 2021				
	Amount (RMB Million)	Percentage	Total GFA ¹	Percentage	ASP (RMB/ sq.m.)
Greater Bay Area	5,923	56.4%	324,950	57.7%	18,227
Southwest Region	1,624	15.5%	100,187	17.8%	16,210
Yangtze River Delta	38	0.4%	1,932	0.3%	19,669
Singapore ²	2,140	20.4%	N/A	N/A	N/A
Other regions	773	7.3%	135,672	24.2%	5,705
Total	<u>10,498</u>	<u>100.0%</u>	<u>562,741</u>	<u>100.0%</u>	

Note:

1. Excluding the GFA attributable to the car parking spaces
2. Goods transferred over time

(I) Revenue

Revenue of the Group for the six-month period ended 30 June 2022 amounted to approximately RMB12,629.4 million, representing a decrease of approximately RMB22,535.9 million, or approximately 64.1%, as compared with the corresponding period of 2021, primarily due to the decrease in revenue from property development and revenue from urban redevelopment business as compared with the corresponding period of 2021. Revenue from property development for the six-month period ended 30 June 2022 amounted to approximately RMB10,498.4 million, representing a decrease of approximately 62.1% as compared with approximately RMB27,667.2 million in the corresponding period of 2021.

Details of the revenue from property development by project are as follows:

	For the six-month period ended 30 June			
	2022		2021	
	Total GFA	Amount	Total GFA	Amount
	<i>sq.m.</i>	<i>RMB'000</i>	<i>sq.m.</i>	<i>RMB'000</i>
Singapore The Florence Residence (新加坡悦湖苑)	N/A	2,139,725	N/A	1,190,466
Foshan • Chancheng Palace (佛山禪城天宸)	72,614	1,527,297	0	0
Foshan Acesite Mansion (佛山玖龍璽)	59,330	1,465,358	0	0
Huizhou Logan City (惠州龍光城)	49,159	708,120	124,613	1,667,126
Nanning Glory City (南寧玖譽城)	7,611	628,151	0	0
Heyuan Logan City (河源龍光城)	111,341	529,073	189,070	1,021,731
Nanning Gragon Castle (南寧玖龍華府)	32,454	393,200	0	0
Foshan Nanhai Sirius (佛山南海天曜)	1,349	264,846	61,259	1,346,804
Foshan Jiuyun Garden (佛山玖雲熙園)	8,807	263,284	39,215	400,237
Liuzhou Lotus Castle (柳州蓮花悅府)	20,266	209,287	0	0
Huizhou Banyan Park (惠州玖榕府)	22,275	203,942	0	0
Foshan Water Castle (佛山尚水華府)	1,210	174,928	122,928	2,115,644
Guangzhou • Sky Jade Garden (廣州天璞花園)	7,037	163,013	0	0
Huizhou Acesite Park (惠州玖龍臺)	22,586	162,746	0	0
Huizhou Masterpiece (惠州玖雲臺)	16,489	147,769	0	0
Shantou Royal & Seaward Shine Castle (汕頭禦海尚品華府)	5,629	134,602	0	0
Zhaoqing Ace Prestige City (肇慶玖譽城)	3,499	126,264	140,727	973,467
Meishan Renshou (眉山仁壽)	11,892	117,716	0	0
Zhongshan Royal Heaven Garden (中山禦海天璽花園)	8,440	100,048	0	0
Shenzhen Acesite Park (深圳玖龍臺)	1,426	80,957	2,434	209,632
Dongguan Chang'an Jiangnan Royal City (東莞長安江南大境)	1,293	78,980	78,762	2,419,270
Nanning Impressions of Discovery Bay (南寧印象愉景灣)	98	41,715	63,610	432,716

	For the six-month period ended 30 June			
	2022		2021	
	Total GFA	Amount	Total GFA	Amount
	<i>sq.m.</i>	<i>RMB'000</i>	<i>sq.m.</i>	<i>RMB'000</i>
Shanghai Jiangnan Yajingli (上海江南雅境里)	1,602	30,977	53,213	840,859
Foshan Dragon River Garden (佛山龍濱熙園)	2,879	29,635	13,851	437,941
Nanning Logan Century (南寧龍光世紀)	1,798	25,972	7,623	100,894
Foshan Dragon River Landscape (佛山龍濱嘉園)	1,525	21,173	4,329	130,872
Chengdu Century Center (成都世紀中心)	2,062	20,767	67,218	732,971
Nanning Sirius (南寧天曜)	591	19,023	9,065	146,691
Foshan Green Castle (佛山綠環瓏府)	839	18,762	63,148	1,275,667
Shenzhen Carat Complex (深圳玖鑽)	379	15,922	2,800	114,910
Nanning Glory Lake (南寧玖譽湖)	1,208	12,600	2,318	311,081
Foshan Dragon Castle (佛山龍馨華府)	—	9,440	63,566	687,624
Nanning Glory Forest Lake (南寧玖譽湖林湖)	121	1,358	0	164,141
Nanning Shuiyue Longwan Yujiang (南寧水悅龍灣禦江)	—	480	117,238	1,022,872
Zhuhai Ace Prestige Bay (珠海玖譽灣)	—	—	137,059	3,136,258
Zhuhai Acesite Mansion (珠海玖龍璽)	—	—	36,224	1,447,332
Jiashan Jiuyue Castle (嘉善玖悅華府)	—	—	71,670	1,087,268
Chengdu Logan Tianfu Acesite Park (成都龍光天府玖龍郡)	—	—	80,178	780,045
Zhaoqing Acesite Mount (肇慶玖龍山)	—	—	103,176	752,627
Liuzhou Acesite Park (柳州玖瓏府)	—	—	63,842	489,194
Zhuhai Jiulonghui International Culture Creativity Center (珠海九龍匯國際文創中心)	—	—	21,476	452,465
Huizhou Seaward Heaven Garden (惠州天禧花園)	—	—	39,718	348,637
Others	84,932	631,251	28,111	1,429,751
Total	562,741	10,498,381	1,823,474	27,667,193

Notes:

1. Excluding the GFA attributable to the car parking spaces

(II) Cost of sales

The cost of sales of the Group for the six-month period ended 30 June 2022 decreased by approximately RMB14,828.6 million, or approximately 57.7%, as compared with the corresponding period of 2021, primarily due to the reduction of business scale as compared with the corresponding period of 2021. Key components of costs are as follows:

	For the six-month period ended 30 June		
	2022	2021	Changes
	<i>RMB'000</i>	<i>RMB'000</i>	%
Total cost of sales	10,871,479	25,700,116	-57.7
— Property development	9,133,879	21,077,085	-56.7
— Property operation	22,199	33,788	-34.3
— Development management	1,715,401	3,445,437	-50.2
— Urban redevelopment business	—	1,143,806	-100.0

(III) Selling and marketing expenses and administrative expenses

The selling and marketing expenses of the Group for the six-month period ended 30 June 2022 amounted to approximately RMB692.9 million (the corresponding period of 2021 was approximately RMB840.4 million). The relevant selling and marketing expenses decreased by approximately 17.5% as compared with the corresponding period of 2021.

The administrative expenses of the Group for the six-month period ended 30 June 2022 amounted to approximately RMB680.7 million (the corresponding period of 2021 was approximately RMB959.5 million), representing an decrease of approximately 29.1% as compared with the corresponding period of 2021. The decrease was primarily due to the decrease in staff costs.

(IV) Profit from operations

The profit from operations of the Group for the six-month period ended 30 June 2022 decreased by RMB9,242.1 million to approximately RMB312.6 million (the corresponding period of 2021: approximately RMB9,554.7 million). It was mainly due to the decrease in gross profit of approximately RMB7,707.3 million and the decrease in change of fair value of investment properties of approximately RMB1,027.5 million.

(V) Finance costs

The net finance costs of the Group for the six-month period ended 30 June 2022 increased to approximately RMB734.5 million (the corresponding period of 2021 was approximately RMB382.2 million), primarily due to the increase in interest expenses that did not qualified for capitalization.

(VI) Tax

Taxes of the Group for the six-month period ended 30 June 2022 included corporate income tax (“CIT”) and land appreciation tax (“LAT”). Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB30.9 million and RMB258.4 million, respectively (the corresponding period of 2021: approximately RMB1,993.3 million and RMB678.8 million).

(VII) Core profit/(loss)

The core loss of the Group for the six-month period ended 30 June 2022 amounted to approximately RMB129.9 million, representing a decrease of approximately RMB5,985.0 million or 102.2% as compared with the corresponding period of 2021. The core profit margin of the Group for the six-month period ended 30 June 2022 was approximately -1.03% (the corresponding period of 2021 was approximately 16.7%).

(VIII) Liquidity and financial resources

As at 30 June 2022, total assets of the Group amounted to approximately RMB294,142.2 million (31 December 2021: approximately RMB285,901.6 million), of which current assets amounted to approximately RMB232,147.5 million (31 December 2021: approximately RMB223,330.7 million). Total liabilities amounted to approximately RMB230,627.5 million (31 December 2021: approximately RMB218,133.3 million), of which non-current liabilities amounted to approximately RMB58,047.4 million (31 December 2021: approximately RMB63,007.5 million). Total equity amounted to approximately RMB63,514.7 million (31 December 2021: approximately RMB67,768.3 million), of which total equity attributable to owners of the parent amounted to RMB46,290.1 million (31 December 2021: approximately RMB47,894.6 million).

As at 30 June 2022, the Group had cash and bank balances of approximately RMB14,352.3 million (31 December 2021: approximately RMB38,236.3 million) and total bank and other borrowings of approximately RMB96,208.4 million (31 December 2021: approximately RMB93,874.5 million). As at 30 June 2022, 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.

CORPORATE GOVERNANCE AND EMPLOYEE MOTIVATION

The Company has been committed to utilising modern corporate governance systems. The Company has established a professional management team to enhance the level of corporate governance of the Group. Through an employee incentive mechanism, benefits of the management team are fully in line with that of the Company, so as to create the greatest value for shareholders of the Company.

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

During the six months ended 30 June 2022, the Company repurchased from the market a total of 4,000,000 shares of the Company (the “Shares”). All the Shares repurchased have been cancelled. Details of the repurchases of the Shares are as follows:

Date of Repurchase	Number of Shares Repurchased	Highest Price per Share (HK\$)	Lowest Price per Share (HK\$)	Aggregate Consideration (HK\$)
14 January 2022	3,000,000	5.9	5.58	17,134,800
17 January 2022	1,000,000	5.86	5.47	5,514,840

During the period from 14 January 2022 to 15 February 2022, the Company purchased its 7.5% senior notes due 2022 in the aggregate principal amount of US\$300 million issued by the Company and listed on the Singapore Exchange Securities Trading Limited in an aggregate of US\$21 million in the open market, representing 7% of the aggregate principal amount of the notes issued. The repurchased notes had been cancelled in accordance with their respective terms and indenture. For details of the repurchases, please refer to the announcements of the Company dated 14 January 2022 and 16 February 2022 respectively.

Save as disclosed above, 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 2022.

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 Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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 2022.

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 2022 interim results announcement and the unaudited interim financial information of the Group for the six months ended 30 June 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries, the Company confirmed that all the directors have complied with the required standard set out in the Model Code during the six months ended 30 June 2022.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: HK49 cents per share).

PUBLICATION OF INTERIM REPORT

The 2022 interim report of the Company containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.logangroup.com>) in due course.

By Order of the Board
Logan Group Company Limited
Kei Hoi Pang
Chairman

Hong Kong, 31 August 2022

As at the date of this announcement, the executive directors of the Company are Mr. Kei Hoi Pang, Mr. Lai Zhuobin, Mr. Xiao Xu, Mr. Zhong Huihong and Ms. Huang Xiangling; and the independent non-executive directors of the Company are Mr. Zhang Huaqiao, Ms. Liu Ka Ying, Rebecca and Mr. Cai Suisheng.