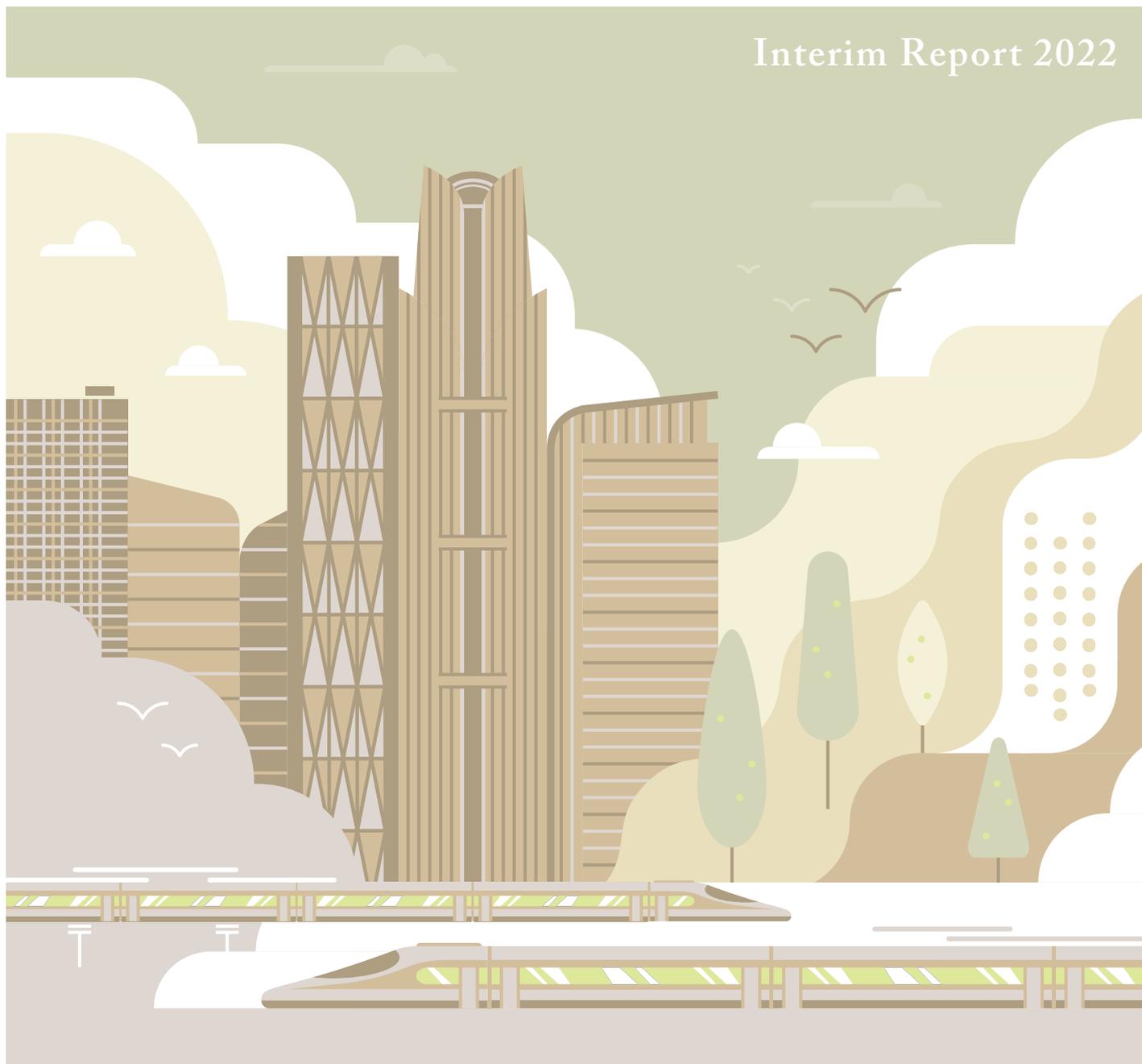


# LOGAN

龙光集团

Interim Report 2022



## 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)

## 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

UniTax Prism (HK) CPA 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. Xiao Xu  
 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 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 One Splendid Park (深圳錦綉公園壹號), 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	Contracted sales in the first half of 2022				
	Amount (RMB million)	Percentage	Total GFA <sup>1</sup> (sq.m.)	Percentage	ASP <sup>1</sup> (RMB/sq.m.)
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
<b>Total</b>	<b>30,340</b>	<b>100%</b>	<b>1,906,523</b>	<b>100%</b>	<b>15,463</b>

Note:

1. Excluding car parking spaces

## MANAGEMENT DISCUSSION AND ANALYSIS

**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	41,805	0.1%
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	16,143,369	48.5%
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	7,187,586	21.6%
Total	33,260,835*	100.0%
Land cost (RMB per sq.m.)	5,258	

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

	30 June	31 December	Changes
	2022	2021	
	RMB'000	RMB'000	%
<b>Total assets</b>	<b>294,142,191</b>	285,901,557	2.9
<b>Cash and bank balances</b>	<b>14,352,272</b>	38,236,324	-62.5
<b>Total bank and other borrowings<sup>2</sup></b>	<b>96,208,445</b>	93,874,502	2.5
<b>Total equity</b>	<b>63,514,721</b>	67,768,283	-6.3
<b>Total equity attributable to owners of the parent</b>	<b>46,290,099</b>	47,894,616	-3.4

## Key financial ratios

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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				ASP (RMB/sq.m.)
	Amount (RMB Million)	Percentage	Total GFA <sup>1</sup>	Percentage	
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 <sup>2</sup>	2,140	20.4%	N/A	N/A	N/A
Other regions	773	7.3%	135,672	24.2%	5,705
<b>Total</b>	<b>10,498</b>	<b>100.0%</b>	<b>562,741</b>	<b>100.0%</b>	

Notes:

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

## MANAGEMENT DISCUSSION AND ANALYSIS

## (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 sq.m.	Amount RMB'000	Total GFA sq.m.	Amount RMB'000
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 (南寧玖瓏華府)	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

## MANAGEMENT DISCUSSION AND ANALYSIS

	For the six-month period ended 30 June			
	2022		2021	
	Total GFA sq.m.	Amount RMB'000	Total GFA sq.m.	Amount RMB'000
Shanghai Jiangnan Yajingli (上海江南雅境里)	1,602	30,977	53,213	840,859
Foshan Dragon River Garden (佛山瓏濱熙園)	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 (佛山瓏濱嘉園)	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 (佛山綠璟瓏府)	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 (珠海玖龍壘)	—	—	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
<b>Total</b>	<b>562,741</b>	<b>10,498,381</b>	<b>1,823,474</b>	<b>27,667,193</b>

Notes:

1. Excluding the GFA attributable to the car parking spaces

## MANAGEMENT DISCUSSION AND ANALYSIS

### (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 RMB'000	2021 RMB'000	Changes %
Total cost of sales	<b>10,871,479</b>	25,700,116	-57.7
– Property development	<b>9,133,879</b>	21,077,085	-56.7
– Property operation	<b>22,199</b>	33,788	-34.3
– Development management	<b>1,715,401</b>	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).

**MANAGEMENT DISCUSSION AND ANALYSIS****(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.

## 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 2022, 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 through Junxi Investments Limited. He is also considered to be interested in the Shares through Ms. Kei Perenna Hoi Ting, a substantial shareholder of the Company.
- (4) The percentage is calculated based on the total number of 5,685,407,450 Shares in issue as at 30 June 2022.

## OTHER INFORMATION

## (ii) Interest in Debentures of the Company

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

Notes:

- (1) The entire issued share capital of Prance Thrive Limited, the company which directly holds the debentures, is directly 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 2022, 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.

## OTHER INFORMATION

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

As at 30 June 2022, 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, Deemed interest <sup>(2)</sup>	4,252,881,250 (L)	74.80%
	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	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%

Notes:

- (1) The letter "L" denotes the person's long position in Shares.
- (2) Mr. Kei Hoi Pang who is a beneficiary of the family trust, and therefore interested in the Shares through Junxi Investments Limited. He is also considered to be interested in the Shares through Ms. Kei Perenna Hoi Ting, a substantial shareholder of the Company.
- (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 14.95% interests in 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 2022.

## OTHER INFORMATION

Save as disclosed above, as at 30 June 2022, 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 2022 (six months ended 30 June 2021: HK49 cents per share).

## 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. All the Shares repurchased have been cancelled. Details of the repurchases of the Shares are as follows:

<b>Date of Repurchase</b>	<b>Number of Shares Repurchased</b>	<b>Highest Price per share (HK\$)</b>	<b>Lowest Price per share (HK\$)</b>	<b>Aggregate Consideration (HK\$)</b>
14 January 2022	3,000,000	5.90	5.58	17,134,800
17 January 2022	1,000,000	5.86	5.47	5,514,840

During the six months ended 30 June 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\$21.2 million in the open market, representing approximately 7.07% of the aggregate principal amount of the notes issued. The repurchased notes had been cancelled in accordance with their respective terms and indenture.

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 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 2022.

## OTHER INFORMATION

### 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, the Company confirmed that all the Directors have complied with the required standards set out in the Model Code during the six months ended 30 June 2022.

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 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 unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2022.

### 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.

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 2022, the term loan facility of HK\$880,000,000 remained outstanding.

## OTHER INFORMATION

### 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.

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.

As at 30 June 2022, the term loan facility of HK\$2,230,000,000 and US\$38,000,000 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 2022, the Company did not have other disclosure obligations under Rule 13.18 of the Listing Rules.

## OTHER INFORMATION

## SHARE OPTION

No share option has been granted nor exercised during the six months ended 30 June 2022. Details of movements for the six months ended 30 June 2022 in the number of share options are set out below:

Name of Director	Date of grant	Exercise price (HK\$)	Number of share options				Outstanding as at 30 June 2022	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 2022	Granted from 1 January 2022 to 30 June 2022	Exercised from 1 January 2022 to 30 June 2022	Cancelled/ Lapsed from 1 January 2022 to 30 June 2022				
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>25,156,000</b>	—	—	—	<b>25,156,000</b>	0.44%	25 August 2017 to 24 August 2027 <sup>(2)</sup>	7.34
	8 June 2018	12.50	<b>27,185,000</b>	—	—	<b>2,667,000</b>	<b>24,518,000</b>	0.43%	8 June 2018 to 7 June 2028 <sup>(3)</sup>	12.44
	22 October 2018	7.64	<b>15,081,000</b>	—	—	<b>1,845,000</b>	<b>13,236,000</b>	0.23%	22 October 2018 to 21 October 2028 <sup>(4)</sup>	7.33
	28 June 2019	12.64	<b>4,885,500</b>	—	—	<b>214,000</b>	<b>4,671,500</b>	0.08%	28 June 2019 to 27 June 2029 <sup>(3)</sup>	12.56
	12 June 2020	13.08	<b>3,690,000</b>	—	—	<b>227,000</b>	<b>3,463,000</b>	0.06%	12 June 2020 to 11 June 2030 <sup>(3)</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 2022.
- (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.

## OTHER INFORMATION

### 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. 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 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.

According to the Share Award Scheme, shares up to 3% of the issued share capital of the Company (from time to time) will be purchased by the trustee from the market out of cash contributed by the Company (the “Award Shares”) and be held in trust for the relevant selected participants until the Award Shares are vested with the relevant selected participants in accordance with the provisions of the Share Award Scheme. Up to 30 June 2022, the Company had through the trustee purchased total 158,230,000 shares from the market, 10,472,000 shares of which were purchased in the six months ended 30 June 2022 at an aggregate consideration of HK\$61,888,839 (including transaction costs). Since the Adoption Date, no Award Shares had been granted.

# INDEPENDENT REVIEW REPORT



UniTax Prism (HK) CPA Limited 尤尼泰·栢淳(香港)會計師事務所有限公司  
Units 1903A-1905, 19/F, No. 8 Observatory Road, Tsim Sha Tsui, Hong Kong  
香港九龍尖沙咀天文臺道8號19樓1903A-1905室

## To the shareholders of Logan Group Company Limited

*(Incorporated in 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 23 to 68, which comprises the condensed consolidated statement of financial position as at 30 June 2022 and the condensed consolidated statements of profit or loss, comprehensive (expenses)/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 Notes 1 and 27 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.

**UniTax Prism (HK) CPA Limited***Certified Public Accountants***Lee Kwok Lun**

Practising Certificate Number: P06294

Hong Kong

31 August 2022

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	Six month ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
REVENUE	4	12,629,410	35,165,316
Cost of sales		(10,871,479)	(25,700,116)
Gross profit		1,757,931	9,465,200
Other income and gains	4	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	10	269,798	1,297,258
Fair value losses on derivative financial instruments, net		(4,082)	(158,345)
Share of profit/(losses) of associates		137,820	(30,598)
Share of losses of joint ventures		(286,361)	(287,048)
PROFIT FROM OPERATIONS		312,565	9,554,693
Finance costs	5	(734,486)	(382,188)
(LOSS)/PROFIT BEFORE TAX	6	(421,921)	9,172,505
Income tax expense	7	(289,267)	(2,672,077)
(LOSS)/PROFIT FOR THE PERIOD		(711,188)	6,500,428
Attributable to:			
Owners of the parent		(540,565)	6,181,928
Non-controlling interests		(170,623)	318,500
		(711,188)	6,500,428
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RMB cents)	8		
Basic		(10.90)	112.13
Diluted		(10.90)	111.69

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE (EXPENSES)/INCOME

For the six months ended 30 June 2022

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Investment properties	10	35,788,470	35,104,201
Other property, plant and equipment	11	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	13	305,000	305,000
Cash and bank balances	14	—	1,125,794
<b>Total non-current assets</b>		<b>61,994,654</b>	62,570,868
<b>CURRENT ASSETS</b>			
Inventories		154,788,105	117,047,214
Trade and other receivables, prepayments and other assets	12	49,272,331	56,471,277
Tax recoverable		3,904,818	2,991,425
Assets under cross-border guarantee arrangements	13	9,830,011	9,710,243
Cash and bank balances	14	14,352,272	37,110,530
<b>Total current assets</b>		<b>232,147,537</b>	223,330,689
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	50,909,589	46,926,259
Contract liabilities		59,106,263	52,018,475
Liabilities under cross-border guarantee arrangements	13	10,111,890	10,768,008
Bank and other loans		26,999,986	20,410,515
Senior notes	16	4,937,124	2,345,377
Other current liabilities	17	12,394,140	13,112,660
Tax payable		8,121,057	9,544,505
<b>Total current liabilities</b>		<b>172,580,049</b>	155,125,799
<b>NET CURRENT ASSETS</b>		<b>59,567,488</b>	68,204,890
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>121,562,142</b>	130,775,758

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Liabilities under cross-border guarantee arrangements	13	572,191	547,040
Bank and other loans		26,032,135	29,115,607
Senior notes	16	19,441,226	19,846,343
Corporate bonds	17	6,403,834	9,044,000
Deferred tax liabilities		5,598,035	4,454,485
Total non-current liabilities		58,047,421	63,007,475
Net assets		63,514,721	67,768,283
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	18	450,227	450,569
Perpetual capital securities	20	2,363,346	2,363,346
Reserves		43,476,526	45,080,701
		46,290,099	47,894,616
Non-controlling interests		17,224,622	19,873,667
Total equity		63,514,721	67,768,283

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	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 2021 (Audited)	436,727	22,582	(823,306)	108,981	561,734	1,458,841	(1,876,686)	40,151,015	2,363,346	42,403,234	18,268,231	60,671,465	
Profit for the period	–	–	–	–	–	–	–	6,181,928	–	6,181,928	318,500	6,500,428	
Other comprehensive income – Exchange difference on translation of foreign operations	–	–	–	–	324,417	–	–	–	–	324,417	–	324,417	
Total comprehensive income for the period	–	–	–	–	324,417	–	–	6,181,928	–	6,506,345	318,500	6,824,845	
Transfer to PRC statutory reserves	–	–	–	–	–	26,450	–	(26,450)	–	–	–	–	
2020 final dividend declared	–	–	–	–	–	–	–	(2,668,459)	–	(2,668,459)	–	(2,668,459)	
Issuance of shares in connection with the exercise of share options	82	7,181	–	(1,189)	–	–	–	–	–	6,074	–	6,074	
Equity-settled share-based transactions	–	–	–	19,230	–	–	–	–	–	19,230	–	19,230	
Effect of forfeited or expired share options	–	–	–	(20,719)	–	–	–	20,719	–	–	–	–	
Shares purchased under share award scheme	–	–	(628,985)	–	–	–	–	–	–	(628,985)	–	(628,985)	
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	212,606	212,606	
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	(1,933)	–	–	(1,933)	(2,967)	(4,900)	
Capital contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	6,423,156	6,423,156	
Distribution to holders of perpetual capital securities	–	–	–	–	–	–	–	(79,419)	–	(79,419)	–	(79,419)	
At 30 June 2021 (Unaudited)	436,809	29,763	(1,452,291)	106,303	886,151	1,485,291	(1,878,619)	43,579,334	2,363,346	45,556,087	25,219,526	70,775,613	

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	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 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 operations	-	-	-	-	(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	

\* These reserve accounts comprise the consolidated reserves of RMB43,476,526,000 (2021: RMB45,080,701,000) in the condensed consolidated statement of financial position.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before tax		<b>(421,921)</b>	9,172,505
Total non-cash adjustments		<b>570,865</b>	(1,369,855)
Total working capital adjustment		<b>(4,285,722)</b>	(4,190,613)
Cash (used in)/generated from operations		<b>(4,136,778)</b>	3,612,037
Tax paid		<b>(1,491,704)</b>	(1,939,636)
Net cash flows (used in)/from operating activities		<b>(5,628,482)</b>	1,672,401
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		<b>384,622</b>	533,672
Addition to investment properties	10	<b>(269,798)</b>	(1,071,704)
Addition to other property, plant and equipment		<b>(60,428)</b>	(89,004)
Deemed disposal of subsidiaries	22	<b>—</b>	(6,048,559)
Disposal of subsidiaries	22	<b>433,627</b>	275,700
Acquisition of subsidiaries that are not a business	21	<b>(19,059)</b>	4,115
Acquisition of subsidiaries	21	<b>3,430,303</b>	8,161,823
Disposal of joint ventures		<b>781,561</b>	183,130
Investments in joint ventures		<b>(1,485,970)</b>	(242,533)
Investments in associates		<b>744,219</b>	(585,484)
Advances to joint ventures and associates		<b>(10,132,239)</b>	(8,982,540)
Advances from joint ventures and associates		<b>973,647</b>	1,790,929
Proceeds from disposal of other property, plant and equipment		<b>913</b>	51,225
Decrease/(increase) in restricted and pledged deposits		<b>9,700,778</b>	(886,399)
Decrease in non-current non-pledged time deposits		<b>—</b>	376,000
Net cash flows from/(used in) investing activities		<b>4,482,176</b>	(6,529,629)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	<b>(3,267,598)</b>	(2,010,259)
Proceeds from bank and other loans	<b>1,267,518</b>	11,584,832
Repayment of bank and other loans	<b>(11,306,376)</b>	(10,386,108)
Proceeds from issuance of senior notes	<b>1,654,050</b>	3,864,600
Repayment of senior notes	<b>(535,309)</b>	(5,240,312)
Proceeds from issuance of corporate bonds	<b>—</b>	1,774,000
Repayment of corporate bonds	<b>(782,026)</b>	—
Proceeds from cross-border guarantee arrangements	<b>—</b>	723,064
Repayment of cross-border guarantee arrangements	<b>(630,967)</b>	—
Proceeds from issuance of shares in connection with the exercise of share options	<b>—</b>	6,074
Repurchase of own shares	<b>(19,441)</b>	—
Shares purchased under share award scheme	<b>(52,942)</b>	(628,985)
Repayment to non-controlling shareholders	<b>—</b>	(796,210)
Capital contributions from non-controlling shareholders	<b>—</b>	10,963,458
Payments for acquisition of non-controlling interests	<b>—</b>	(4,900)
Payments for acquisition of non-controlling interests in prior year	<b>—</b>	(100,000)
Distribution paid to holders of perpetual capital securities	<b>(79,195)</b>	(79,419)
Dividends paid to ordinary equity shareholders of the Company	<b>—</b>	(418,553)
<b>Net cash flows (used in)/from financing activities</b>	<b>(13,752,286)</b>	4,692,980
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	<b>24,390,778</b>	40,462,748
Effect of foreign exchange rate changes	<b>835,086</b>	(140,775)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>10,327,272</b>	40,157,725

# NOTES TO INTERIM FINANCIAL INFORMATION

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 outstanding principal of the above senior notes amount 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 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.

## 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 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

**NOTES TO INTERIM FINANCIAL INFORMATION**  
30 June 2022

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

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.

## **3. 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 4 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.

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

Information regarding the reportable segments is presented below.

	Property development RMB'000	Development management RMB'000	Urban redevelopment RMB'000	Property operation RMB'000	Total RMB'000
<b>For the six months ended 30 June 2022</b>					
(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	10,498,381	4,960,319	—	160,199	15,618,899
Reportable segment profit	222,523	508,151	—	123,563	854,237
<b>For the six months ended 30 June 2021</b>					
(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	27,667,193	11,921,314	2,904,631	113,850	42,606,988
Reportable segment profit	5,364,727	2,742,300	1,741,797	73,835	9,922,659

NOTES TO INTERIM FINANCIAL INFORMATION  
30 June 2022

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

#### Reconciliation of reportable segment revenue and profit or loss

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>Revenue</b>		
Reportable segment revenue	15,618,899	42,606,988
Elimination of inter-segment revenue	(2,989,489)	(7,441,672)
Consolidated revenue	<b>12,629,410</b>	35,165,316
<b>(Loss)/profit</b>		
Reportable segment profit	854,237	9,922,659
Elimination of inter-segment profits	(309,362)	(1,938,913)
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	(139,081)	(292,391)
Consolidated (loss)/profit before tax	<b>(421,921)</b>	9,172,505

#### 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.

#### 4. REVENUE, OTHER INCOME AND GAINS, NET

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
<i>Revenue from contracts with customers</i>		
Property development*	<b>10,498,381</b>	27,667,193
Development management income	<b>2,002,655</b>	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	<b>128,374</b>	93,922
	<b>12,629,410</b>	35,165,316

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

## NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

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

## Revenue from contracts with customers (continued)

## (i) Disaggregated revenue information (continued)

For the six months ended 30 June 2021

(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	27,667,193	—	2,904,631	30,571,824
Services transferred over time	—	4,499,570	—	4,499,570
Total revenue from contracts with customers	27,667,193	4,499,570	2,904,631	35,071,394

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

**4. REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)****Revenue from contracts with customers (continued)****(i) Disaggregated revenue information (continued)***For the six months ended 30 June 2021*

(Unaudited)	Property development RMB'000	Development management RMB'000	Urban redevelopment RMB'000	Total RMB'000
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
Total revenue from contracts with customers	27,667,193	11,921,314	2,904,631	42,493,138
Intersegment adjustments and eliminations	—	(7,421,744)	—	(7,421,744)
Total revenue from contracts with customers	27,667,193	4,499,570	2,904,631	35,071,394

**Other income and gains**

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

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>(Unaudited)</b> <b>RMB'000</b>	2021 (Unaudited) RMB'000
Bank interest income	<b>40,068</b>	344,948
Interest income on amounts due from associates and joint ventures	<b>344,554</b>	473,754
Forfeiture income on deposits received	<b>43,062</b>	34,920
(Loss)/gain on disposal of subsidiaries	<b>(35,991)</b>	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	<b>162,790</b>	157,038
(Loss)/gain on disposal or bargain purchase of joint ventures, net	<b>(431,702)</b>	59,757
Others	<b>20,822</b>	88,622
	<b>143,603</b>	1,105,822

## NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

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

## 6. (LOSS)/PROFIT BEFORE TAX

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

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

\* These items are included in "Other expenses" 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 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.

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

## 8. (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 period 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 period, 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.

NOTES TO INTERIM FINANCIAL INFORMATION  
30 June 2022

## 8. (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 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>(Loss)/earnings</b>		
(Loss)/profit attributable to owners of the parent	(540,565)	6,181,928
Distribution related to perpetual capital securities	(79,195)	(79,419)
(Loss)/profit used in the basic and diluted earnings per share calculations	(619,760)	6,102,509

	Number of shares Six months ended 30 June	
	2022 (Unaudited) '000	2021 (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)/earnings per share calculation	5,685,717	5,442,228
Effect of dilution — weighted average number of ordinary shares:		
Share options	—	21,501
Weighted average number of ordinary shares in issue during the period, used in the diluted (loss)/earnings per share calculation	5,685,717	5,463,729

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.

## 9. DIVIDEND

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

## 10. 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.

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.

## NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

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

During the six months ended 30 June 2022, the Group acquired and disposed of other property, plant and equipment of RMB60,428,000 (six months ended 30 June 2021: RMB89,004,000) and RMB930,000 (six months ended 30 June 2021: RMB50,656,000), respectively. The Group acquired and disposed of other property, plant and equipment of RMB2,815,000 (six months ended 30 June 2021: RMB18,660,000) and RMB18,672,000 (six months ended 30 June 2021: RMB279,000) through acquisition of subsidiaries and disposal of subsidiaries, respectively. There is no transfer from other property, plant and equipment to investment properties (six months ended 30 June 2021: Nil).

**12. 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 (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 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Within 30 days	<b>1,277,943</b>	2,085,030
31 days to 90 days	<b>488,452</b>	833,356
91 to 180 days	<b>873,345</b>	498,256
181 to 365 days	<b>459,027</b>	873,335
	<b>3,098,767</b>	4,289,977

## 12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS (CONTINUED)

An ageing analysis of the trade receivables from 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 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Within 30 days	57,454	101,217
31 to 90 days	46,724	123,000
91 to 180 days	—	26,864
181 to 365 days	32,910	1,568
	<b>137,088</b>	252,649

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

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
0 to 30 days	498,295	2,402,671
31 to 90 days	801,115	1,703,136
91 to 180 days	981,959	682,381
181 to 365 days	1,902,830	77,086
	<b>4,184,199</b>	4,865,274

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### 13. ASSETS AND LIABILITIES UNDER CROSS-BORDER GUARANTEE ARRANGEMENTS

During the six months ended 30 June 2022 and 2021, the Group entered into 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 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Assets under cross-border guarantee arrangements	<b>10,135,011</b>	10,015,243
Portion classified as current assets	<b>(9,830,011)</b>	(9,710,243)
Non-current portion	<b>305,000</b>	305,000
Liabilities under cross-border guarantee arrangements	<b>10,684,081</b>	11,315,048
Portion classified as current liabilities	<b>(10,111,890)</b>	(10,768,008)
Non-current portion	<b>572,191</b>	547,040

### 14. CASH AND BANK BALANCES

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Cash and bank balances	<b>14,352,272</b>	38,236,324
Portion classified as current assets	<b>(14,352,272)</b>	(37,110,530)
Non-current portion	<b>—</b>	1,125,794

## 14. CASH AND BANK BALANCES (CONTINUED)

Notes:

As at 30 June 2022, the total cash and bank balances amounted to RMB14,352 million (year ended 31 December 2021: RMB38,236 million), of which:

- (a) deposits in the amount of RMB2,842 million (year ended 31 December 2021: RMB12,711 million) were pledged or restricted for bank and other loans;
- (b) deposits in the amount of RMB8,666 million (year ended 31 December 2021: RMB7,398 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;
- (c) deposits in the amount of RMB1,183 million (year ended 31 December 2021: RMB1,135 million) were pledged or restricted in relation to project development such as mortgage loans granted to the property purchasers;
- (d) unrestricted cash and bank balances amounted to RMB1,661 million (year ended 31 December 2021: RMB16,992 million); and
- (e) cash and bank balances as at 30 June 2022 are non-current non-pledged and non-restricted time deposits of nil (year ended 31 December 2021: nil).

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in RMB amounted to RMB11,359,116,000 (year ended 31 December 2021: RMB34,060,847,000). 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. Non-pledged time deposits are made for varying periods of between seven days and six months depending on immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. Non-current portion of non-pledged time deposits are made for varying periods of between two and five years. 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 2022 is an aggregate trade payables balance of RMB20,976,537,000 (year ended 31 December 2021: RMB22,390,931,000). 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 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Current to 30 days	<b>3,419,391</b>	4,702,809
31 to 90 days	<b>4,097,069</b>	3,686,768
91 to 180 days	<b>5,946,820</b>	2,724,916
181 to 365 days	<b>3,817,931</b>	5,443,110
Over 365 days	<b>3,695,326</b>	5,833,328
	<b>20,976,537</b>	22,390,931

The trade payables are non-interest-bearing.

NOTES TO INTERIM FINANCIAL INFORMATION  
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## 16. SENIOR NOTES

	Effective interest rate (% per annum)	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
US\$200m due 2022 Senior Notes (notes (i), (xvii))	5.80	—	393,099
US\$450m due 2023 Senior Notes (notes (ii), (xvii))	5.42	3,034,883	2,892,423
US\$300m Senior Notes due 2022 (notes (iii), (xvii))	7.78	1,902,241	1,952,278
US\$400m Senior Notes due 2023 (notes (iv), (xvii))	6.76	2,729,963	2,606,597
US\$100m Senior Notes due 2024 (notes (v), (xvii))	7.60	667,538	636,200
US\$300m Senior Notes due 2025 (notes (vi), (xvii))	5.96	2,034,230	1,943,018
US\$180m Senior Notes due 2024 (notes (vii), (xvii))	5.42	1,246,815	1,193,162
US\$100m Senior Notes due 2024 (notes (viii), (xvii))	4.53	668,196	637,929
US\$300m Senior Notes due 2025 (notes (ix), (xvii))	5.49	1,995,315	1,905,341
US\$300m Senior Notes due 2026 (notes (x), (xvii))	5.03	2,029,524	1,892,594
US\$300m Senior Notes due 2028 (notes (xi), (xvii))	4.64	2,018,054	1,928,308
US\$300m Senior Notes due 2025 (notes (xii), (xvii))	4.97	1,969,053	1,893,458
US\$300m Senior Notes due 2026 (notes (xiii), (xvii))	4.91	2,021,498	1,930,973
US\$60m Senior Notes due 2024 (notes (xiv), (xvii))	4.21	404,351	386,340
HK\$1,950m Equity-linked Securities due 2026 (notes (xv), (xvii))	7.14	1,656,689	—
		<b>24,378,350</b>	22,191,720
Portion classified as current liabilities (note (xvii))		<b>(4,937,124)</b>	(2,345,377)
		<b>19,441,226</b>	19,846,343

## 16. SENIOR NOTES (CONTINUED)

Notes:

- (i) On 3 January 2017, the Company issued senior notes with a principal amount of US\$200,000,000 due in 2022 (the "US\$200m Senior Notes"). 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 3 January 2022. At any time and from time to time on or after 3 January 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.

In October and November 2021, the Company partially redeemed in an aggregate principal amount of US\$23,975,000 of the US\$200m Senior Notes. As at 3 November 2021, the Company has repurchased and not yet cancelled an aggregate principal amount of US\$18,050,000 of the US\$200m Senior Notes. On 3 November 2021, the Company made an offer (the "Offer") for cash to purchase all outstanding US\$200m Senior Notes and US\$50m Senior Notes with an aggregate principal amount of US\$244,075,000 before their maturity on January 2022. The Offer was completed on 12 November 2021 for the Company to purchase in the principal amount of US\$164,236,000. The Senior Notes partially redeemed in the principal amount of US\$18,050,000 were subsequently cancelled on 17 November 2021. The remaining principal amount of US\$61,789,000 was due on 3 January 2022.

In January 2022, the Company redeemed the US\$200m Senior Notes with remaining principal amount of US\$61,789,000 in full upon maturity.

- (ii) On 23 May 2017, the Company issued senior notes with a principal amount of US\$450,000,000 due in 2023 (the "US\$450m Senior Notes"). 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.
- (iii) 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 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.
- (iv) 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 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.
- (v) 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 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.
- (vi) 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 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.
- (vii) 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 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.

## NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

## 16. SENIOR NOTES (CONTINUED)

Notes: (continued)

- (viii) 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"). 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.
- (ix) 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"). 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.
- (x) 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"). 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.
- (xi) 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"). 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.
- (xii) 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"). 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.
- (xiii) 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"). 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.
- (xiv) 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"). 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.
- (xv) 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"). 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.
- (xvi) 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.
- (xvii) 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 2022 and 31 December 2021 are set out in note 26.

## 17. CORPORATE BONDS

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Corporate bonds due in 2022 (i)	<b>4,133,400</b>	5,026,000
Corporate bonds due in 2023 (iv)	<b>105,000</b>	105,000
Corporate bonds due in 2024 (iii)-(vii)	<b>5,209,000</b>	5,510,000
Corporate bonds due in 2025 (vi)-(xii)	<b>8,274,000</b>	8,274,000
Commercial mortgaged-backed securities due in 2033 (xiii)	<b>663,834</b>	665,000
	<b>18,385,234</b>	19,580,000
Analysed into:		
Repayable:		
Within one year	<b>11,981,400</b>	10,536,000
In the second year	<b>240,000</b>	105,000
In the third to fifth years, inclusive	<b>5,500,000</b>	8,274,000
Over 5 years	<b>663,834</b>	665,000
	<b>18,385,234</b>	19,580,000
Portion classified as non-current liabilities	<b>(6,403,834)</b>	(9,044,000)
Current liabilities	<b>11,981,400</b>	10,536,000
Bank and other loans classified as other current liabilities based on the accumulated pre-sales/sales amount/area of the property development projects	<b>412,740</b>	2,576,600
Total other current liabilities	<b>12,394,140</b>	13,112,600

## Notes:

- (i) On 1 February 2018, 22 March 2018, 21 May 2018 and 7 December 2018, 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.

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 are due in February 2022 and were classified as a current liability as at 30 June 2022.

## NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

## 17. CORPORATE BONDS (CONTINUED)

Notes: (continued)

(i) (continued)

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 and were classified as a current liability as at 30 June 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.

(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. The corporate bonds were classified as a current liability as at 30 June 2022.

(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. The corporate bonds were classified as a current liability as at 30 June 2022.

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.

(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 and 4 years, 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. The first tranche of corporate bonds was classified as a current liability as at 30 June 2022. On 3 August 2021, the corporate bonds with an aggregate principal amount of RMB895,000,000 were sold back to Shenzhen Logan; the second tranche of corporate bonds with a remaining principal amount of RMB105,000,000 are due in August 2023 and were classified as a non-current liability as at 30 June 2022.

(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. The corporate bonds were classified as a current liability as at 30 June 2022.

(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. The corporate bonds were classified as a current liability as at 30 June 2022.

## 17. CORPORATE BONDS (CONTINUED)

Notes: (continued)

- (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. The corporate bonds were classified as a current liability as at 30 June 2022.
- 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.
- (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. The corporate bonds were classified as a non-current liability as at 30 June 2022.
- (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. The corporate bonds were classified as a non-current liability as at 30 June 2022.
- (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. The corporate bonds were classified as a current liability as at 30 June 2022.
- (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. The corporate bonds were classified as a current liability as at 30 June 2022.
- (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. The corporate bonds were classified as a non-current liability as at 30 June 2022.
- (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 commercial mortgage-backed securities were classified as a non-current liability as at 30 June 2022.

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## 18. SHARE CAPITAL

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

	Six months ended 30 June 2022 (Unaudited)		Year ended 31 December 2021 (Audited)	
	Number of shares '000	HK\$'000	Number of shares '000	HK\$'000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	5,689,408	568,941	5,520,131	552,013
Repurchase of shares (note (a))	(4,000)	(400)	(3,790)	(379)
Issuance of shares in connection with the exercise of share options (note (b))	—	—	1,067	107
Issuance of shares	—	—	172,000	17,200
At 30 June/31 December	5,685,408	568,541	5,689,408	568,941
RMB'000 equivalent at the end of reporting period		450,227		450,569

Notes:

- (a) 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 RMB19,441,000) (year ended 31 December 2021: HK\$24,029,000 (equivalent to approximately RMB19,646,000), was transferred out from share capital and share premium during the period.
- (b) During the period, no share options were exercised (year ended 31 December 2021: 1,067,000).
- (c) During the reporting period, 10,472,000 ordinary shares (year ended 31 December 2021: 74,784,000) of HK\$0.10 each were purchased by the trustee (the "Trustee") of the Company's share award scheme at an average price of HK\$5.9 per share at a total consideration of approximately HK\$61,889,000 (equivalent to approximately RMB52,942,000). The shares have been classified as treasury shares.

## 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 29 May 2014, the Company granted share options to the Company’s directors and employees (included certain senior managers or above and certain mid-level managers). The exercise of these share options would entitle the Company’s directors and employees of the Group to subscribe for an aggregate of 25,480,000 shares (of which 4,950,000 shares is granted to Mr. Kei Hoi Pang (“Mr. Kei”, the Executive Director and the Chairman) and 164,610,000 shares of the Company respectively. The exercise price is HK\$2.34 per share. Under the Scheme, the share options granted to the directors and certain senior managers or above will be vested evenly over a period of four years starting from 29 May 2015 and ending on 28 May 2019, while the share options granted to certain mid-level managers will be vested evenly over a period of three years starting from 29 May 2015 and ending on 28 May 2018. These share options are exercisable within a period of six years from the date of grant (i.e. 29 May 2014) subject to the above vesting schedule. Each option gives the holder the right to subscribe for one ordinary share of the Company.

On the same date (i.e. 29 May 2014), the board of directors resolved to grant to Mr. Kei another 8,170,000 share options to subscribe for the Company’s shares (the “Additional Options”) at the exercise price of HK\$2.34 per share on the same terms as the share options granted on 29 May 2014 (see above). The Additional Options constituted a connected transaction to the Company under the Listing Rules and was approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 31 July 2014.

- (ii) 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.

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

### Share option scheme (continued)

- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) 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.

4,953,000 share options were lapsed, respectively, during the six months ended 30 June 2022. At the end of the reporting period, the Company had 89,928,500 share options outstanding under the Scheme.

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

### Share award scheme

The Company operates a share award scheme (the “2020 Share Award Scheme”) which was adopted by the Company on 13 May 2020. Unless otherwise cancelled or amended, the 2020 Share Award Scheme will remain valid and effective for 15 years from the date of adoption. As at 30 June 2022, none of the shares purchased has been awarded under the 2020 Share Award Scheme.

The Trustee holds the shares in trust for the selected participants, until the shares become vested. 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.

## 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.

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## 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 parties. Upon the completion of these acquisitions, the acquired companies became wholly-owned subsidiary of the Group. The following table summarises the financial information in relation to the acquisition of subsidiary.

	Shenzhen Zhisheng (Unaudited) RMB'000
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>30,100</b>
Total identifiable net assets	30,100
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:

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

**21. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)****(a) Acquisition of subsidiary that are not a business (continued)****(ii) Six months ended 30 June 2021**

During the period ended 30 June 2021, the Group acquired certain assets through acquisition of Guangxi Logan Huida Expressway Investment Co., Ltd (“Guangxi Huida Expressway”) from an independent third party, acquisition of Xinxing Paper Industry Co., Ltd. (“Xinxing Paper”) from a joint venture of the Group and certain companies included in others mentioned below from an independent third party or a joint venture of the Group. Upon the completion of acquisitions, the acquired companies became wholly owned subsidiaries of the Group, except for certain companies included in others below being a non-wholly-owned subsidiary. The following table summarises the financial information in relation to the acquisition of subsidiaries. Among subsidiaries acquired in the current period, certain subsidiaries were acquired from joint ventures at an aggregate consideration of RMB1,170,000,000.

	Xinxing Paper (Unaudited) RMB'000	Guangxi Huida Expressway (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
Other property, plant and equipment	18,283	8	—	18,291
Inventories	1,177,992	1,084,330	315,716	2,578,038
Trade and other receivables, prepayments and other assets	26,847	21,801	6,416	55,064
Tax recoverable	1,235	—	35	1,270
Cash and bank balances	100	13,062	953	14,115
Trade and other payables	(64,457)	(890,962)	(10,172)	(965,591)
Tax payables	—	(12,239)	—	(12,239)
<b>Total identifiable net assets</b>	<b>1,160,000</b>	<b>216,000</b>	<b>312,948</b>	<b>1,688,948</b>
Non-controlling interests	—	—	(148,418)	(148,418)
	<b>1,160,000</b>	<b>216,000</b>	<b>164,530</b>	<b>1,540,530</b>
Satisfied by:				
Cash consideration	—	—	10,000	10,000
Consideration payable included in trade and other payables	1,160,000	216,000	154,530	1,530,530
	<b>1,160,000</b>	<b>216,000</b>	<b>164,530</b>	<b>1,540,530</b>

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## 21. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

### (a) Acquisition of subsidiaries that are not a business (continued)

#### (ii) Six months ended 30 June 2021 (continued)

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

	Xinxing Paper (Unaudited) RMB'000	Guangxi Huida Expressway (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
Cash consideration paid	–	–	(10,000)	(10,000)
Cash and cash equivalents acquired	100	13,062	953	14,115
Net inflow/(outflow) of cash and cash equivalents included in cash flows from investing activities	100	13,062	(9,047)	4,115

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

#### (i) Six months ended 30 June 2022

During the period ended 30 June 2022, the Group acquired 50% of 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.

**21. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)****(b) Acquisition of subsidiaries that are a business (continued)****(i) 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.

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.

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## 21. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

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

#### (ii) Six months ended 30 June 2021

During the period ended 30 June 2021, the Group acquired 50% of equity interests of Logan Century (Zhaoqing) Real Estate Co., Ltd (“Logan Century”), Zhuhai Logan Yaorong Real Estate Development Co., Ltd (“Zhuhai Yaorong”), Shenzhen Logan Junye Real Estate Co., Ltd (“Shenzhen Junye”) and certain companies included in others below from joint venture partners, joint ventures and/or third parties. Upon completion of the acquisitions, most of the acquired companies became wholly-owned subsidiaries of the Group, except for certain companies included in others below being non-wholly-owned subsidiaries. These acquired companies 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 RMB34,000,000.

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

	Logan Century RMB'000	Zuhai Yaorong RMB'000	Shenzhen Junye RMB'000	Others RMB'000	Total RMB'000
Other property, plant and equipment	–	–	–	368	368
Inventories	2,586,798	4,797,112	7,288,834	5,288,983	19,961,727
Trade and other receivables, prepayments and other assets	143,122	86,666	36,000	919,916	1,185,704
Tax recoverable	140,793	263,901	787,832	331,239	1,523,765
Cash and bank balances	424,059	912,548	3,123,926	3,830,790	8,291,323
Trade and other payables	(377,700)	(1,132,636)	(231,555)	(3,282,188)	(5,024,079)
Contract liabilities	(2,092,769)	(3,439,158)	(8,422,308)	(5,238,503)	(19,192,738)
Deferred tax liabilities	(2,995)	(8,071)	(869)	(27,510)	(39,445)
Bank and other loans	(767,400)	(1,467,000)	(2,499,200)	(1,358,428)	(6,092,028)
<b>Total identifiable net assets at fair value</b>	<b>53,908</b>	<b>13,362</b>	<b>82,660</b>	<b>464,667</b>	<b>614,597</b>
Non-controlling interests	–	–	–	(64,188)	(64,188)
Gains on remeasurement of pre-existing interest in joint ventures and an associate	(23,908)	(3,362)	(32,660)	(97,108)	(157,038)
<b>Total consideration</b>	<b>30,000</b>	<b>10,000</b>	<b>50,000</b>	<b>303,371</b>	<b>393,371</b>
Satisfied by:					
Cash consideration	30,000	–	–	99,500	129,500
Consideration payable included in trade and other payables	–	10,000	50,000	84,000	144,000
Reclassification from pre-existing interest in joint ventures to investment in subsidiaries	–	–	–	119,871	119,871
	<b>30,000</b>	<b>10,000</b>	<b>50,000</b>	<b>303,371</b>	<b>393,371</b>

**21. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)****(b) Acquisition of subsidiaries that are a business (continued)****(ii) Six months ended 30 June 2021 (continued)**

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

	(Unaudited) RMB'000
Cash consideration paid	(129,500)
Cash and cash equivalents acquired	8,291,323
Net inflow of cash and cash equivalents included in cash flows from investing activities	8,161,823

The fair value of the other receivables as at the date of the acquisition amounted to RMB1,185,703,000. The gross contractual amount of other receivables was RMB1,185,703,000, of which nil is expected to be uncollectible.

Since the acquisitions, the subsidiaries acquired during the period contributed RMB7,598,943,000 to the Group's revenue and RMB555,849,000 to the consolidated profit for the prior period.

Had the combination taken place at the beginning of the period, the revenue and the profit of the Group for the period would have been RMB36,177,382,000 and RMB6,527,981,000, respectively.

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## 22. DISPOSAL OF SUBSIDIARIES

### (a) Disposal of subsidiaries

	Six months ended 30 June 2022 (Unaudited) RMB'000
Net assets disposed of:	
Other property, plant and equipment	18,672
Deferred tax assets	4,867
Inventories	434,521
Trade and other receivables, prepayments and other assets	34,721
Tax recoverable	5,483
Cash and cash equivalents	294
Trade and other payables	(28,646)
Net assets attributable to the Group disposed of	469,912
Loss on disposal of subsidiaries, net	(35,991)
Reclassification to investments in joint ventures at fair value at date of disposal	—
Total consideration	433,921

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

	Six months ended 30 June 2022 (Unaudited) RMB'000
Cash consideration received	433,921
Cash and cash equivalents disposed of	(294)
Net cash inflow arising from disposal of subsidiaries	433,627

## 22. DISPOSAL OF SUBSIDIARIES (CONTINUED)

### (b) Deemed disposal of subsidiaries

	Six months ended 30 June 2021 (Unaudited) RMB'000
Net assets disposed of:	
Deferred tax assets	1,012
Inventories	9,711,765
Trade and other receivables, prepayments and other assets	5,855
Tax recoverable	156
Cash and cash equivalents	6,048,559
Trade and other payables	(13,949,286)
Bank and other loans	(1,700,000)
Net assets attributable to the Group disposed of	118,061
Gain on deemed disposal of subsidiaries, net	(56,809)
Reclassification to investments in joint ventures at fair value at date of deemed disposal	61,252

An analysis of the net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries is as follows:

	Six months ended 30 June 2021 (Unaudited) RMB'000
Cash and bank balances deconsolidated and outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries	(6,048,559)

## 23. FINANCIAL GUARANTEES

At the end of the reporting period, the Group had the following financial guarantees which are not provided for in the interim financial information:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties (notes (i) and (ii))	53,005,430	45,121,006
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))	16,340,145	17,024,502
Counter-indemnities for guarantees issued in respect of various obligations of the Group (note (iv))	200,000	400,000
	69,545,575	62,545,508

## NOTES TO INTERIM FINANCIAL INFORMATION

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### 23. FINANCIAL GUARANTEES (CONTINUED)

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 2022 and 31 December 2021, 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 2022, the Group provided seven guarantees to the extent of RMB8,977,990,000 (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 RMB8,977,990,000 (US\$1,349,000,000) provided by the Group.

As at 31 December 2021, guarantees provided by the Group to banks and other lenders in connection with credit facilities granted to the entities controlled by the joint venture partner amounted to approximately RMB8,583,361,000 (US\$1,349,000,000).

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. The counter-guarantees were secured by property projects, the total fair value of which was sufficient to cover the amount of the guarantees.

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

- (iv) As at 30 June 2022 and 31 December 2021, the Group provided counter-indemnities to certain banks or financial institutions for guarantees issued in respect of various obligations of the Group.

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## 24. COMMITMENTS

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

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Contracted, but not provided for	<b>23,597,714</b>	21,407,045

## 25. RELATED PARTY TRANSACTIONS

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

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
		<b>(Unaudited) RMB'000</b>	(Unaudited) RMB'000
	Notes		
Construction contracts income from related companies	(i)	—	86,929
Construction contracts income from joint ventures	(ii)	<b>799,676</b>	2,953,284
Construction contracts income from associates	(ii)	<b>12,282</b>	9,478
Project management service income from joint ventures	(ii)	<b>197,744</b>	238,286
Project management service income from associates	(ii)	<b>3,282</b>	1,480
Decoration income from related companies	(i)	<b>143</b>	4,583
Decoration income from joint ventures	(ii)	<b>142,498</b>	395,843
Decoration income from associates	(ii)	<b>15,622</b>	51,729
Design service income from related companies	(i)	<b>974</b>	64
Design service income from joint ventures	(ii)	<b>7,410</b>	34,741
Design service income from associates	(ii)	<b>9,882</b>	2,848
Rental income from related companies	(iii)	<b>12,573</b>	7,120
Rental income from joint ventures	(iii)	<b>3,259</b>	2,043
Rental income from associates	(iii)	<b>384</b>	—
Interest income from joint ventures	(iv)	<b>326,663</b>	439,936
Interest income from associates	(iv)	<b>17,891</b>	54,665

Notes:

- (i) The income was derived from the construction, 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 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 INTERIM FINANCIAL INFORMATION

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**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>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Fees	<b>623</b>	1,811
Salaries, allowances and benefits in kind	<b>9,822</b>	12,373
Discretionary performance related bonuses	<b>2,522</b>	19,755
Retirement scheme contributions	<b>263</b>	253
Equity-settled share option expense	<b>1,481</b>	1,632
	<b>14,711</b>	35,824

**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 consolidated statement of financial position but for which the fair value is disclosed, (i) non-current portion of non-pledged time deposits, and (ii) 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; (iii) the fair values of the senior notes and certain corporate bonds were RMB5,699,663,000 with carrying amount of RMB24,378,349,000 and RMB4,354,085,000 with carrying amount of RMB14,123,000,000, respectively (31 December 2021: RMB22,191,720,000 with carrying amount of RMB25,125,916,000 and RMB14,031,927,000 with carrying amount of RMB21,688,724,000, respectively), and were determined as Level 1; and (iv) the fair values of the remaining corporate bonds were RMB1,370,244,000 with carrying amount of RMB3,598,400,000 (31 December 2021: RMB5,260,070,000 with carrying amount of RMB5,306,000,000), and were determined as Level 2.

## 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 2022 and 31 December 2021 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 2022 (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	—	—	(4,175)	(4,175)

As at 31 December 2021 (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	—	—	—	—

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

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

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

	30 June 2022 RMB'000	30 June 2021 RMB'000
Senior notes redemption call options		
At 1 January	—	300,030
Total (loss)/gains recognised in statement of profit or loss	<b>(4,082)</b>	(158,345)
Exchange realignment	<b>(93)</b>	17,162
At 30 June	<b>(4,175)</b>	158,847

Below is a summary of the valuation techniques used and the key inputs to the valuation of senior note redemption call options:

	Valuation techniques	Significant unobservable inputs	Range	
			30 June 2022	31 December 2021
Senior note redemption call options	Residual method	Risk free rate	<b>1.36%</b>	0.032% to 1.353%
		Option adjusted spread	<b>7.48%</b>	5.324% to 8.524%
		Discount rate	<b>8.84%</b>	5.356% to 8.765%

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 (2021: Nil).

## 27. 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.

## 28. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information was approved and authorised for issue by the board of directors on 31 August 2022.