

# CAPITAL GRAND

BEIJING CAPITAL GRAND LIMITED  
首創鉅大有限公司

Incorporated in the Cayman Islands with limited liability  
STOCK CODE : 1329

## INTERIM REPORT 2023



MIX  
Paper | Supporting  
responsible forestry  
FSC™ C176382

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

Mr. Fan Shubin (*Chairman*)  
Mr. Xu Jian (*Chief Executive Officer*)

### NON-EXECUTIVE DIRECTORS

Mr. Wang Hao  
Ms. Qin Yi  
Mr. Zhou Yue  
Mr. Zhao Randolph

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chi Tat  
Dr. Huang Wei  
Mr. Xu Weiguo

## AUDIT COMMITTEE

Mr. Yeung Chi Tat (*Chairman*)  
Dr. Huang Wei  
Mr. Xu Weiguo

## REMUNERATION COMMITTEE

Dr. Huang Wei (*Chairman*)  
Ms. Qin Yi  
Mr. Zhao Randolph  
Mr. Yeung Chi Tat  
Mr. Xu Weiguo

## NOMINATION COMMITTEE

Mr. Fan Shubin (*Chairman*)  
Mr. Zhou Yue  
Mr. Yeung Chi Tat  
Dr. Huang Wei  
Mr. Xu Weiguo

## STRATEGIC INVESTMENT COMMITTEE

Mr. Xu Jian (*Chairman*)  
Mr. Wang Hao  
Mr. Zhou Yue  
Mr. Zhao Randolph  
Mr. Xu Weiguo

## SECRETARY OF THE BOARD OF DIRECTORS

Ms. Wang Xia

## COMPANY SECRETARY

Ms. Peng Sisi

## AUTHORISED REPRESENTATIVES

Mr. Xu Jian  
Ms. Peng Sisi

## AUDITORS

PricewaterhouseCoopers

## LEGAL ADVISERS

### AS TO HONG KONG LAWS:

Norton Rose Fulbright Hong Kong

### AS TO CAYMAN ISLANDS LAWS:

Conyers Dill & Pearman

### AS TO PRC LAWS:

Beijing Jingtian & Gongcheng  
Beijing Zhonglun W&D Law Firm

## CORPORATE INFORMATION

**REGISTERED OFFICE**

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

**PRC HEADQUARTERS**

7th Floor West Zone, Jing An Centre  
8 North 3rd Ring East Road  
Chaoyang District  
Beijing, China

**PRINCIPAL PLACE OF BUSINESS  
IN HONG KONG**

10/F., Guangdong Investment Tower  
148 Connaught Road Central  
Hong Kong

**PRINCIPAL BANKERS**

China Construction Bank  
China Merchants Bank  
Bank of Communications  
Bank of China  
Ping An Bank  
CITIC Bank International  
The Hongkong and Shanghai Banking Corporation Limited

**CORPORATE WEBSITES**

[www.bcgrand.com](http://www.bcgrand.com)  
[www.capitaloutlets.com](http://www.capitaloutlets.com)

**PRINCIPAL SHARE REGISTRAR AND  
TRANSFER OFFICE**

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

**HONG KONG BRANCH SHARE  
REGISTRAR AND TRANSFER OFFICE**

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

**LISTING INFORMATION**

<b>EQUITY SECURITY LISTED ON THE STOCK EXCHANGE OF HONG KONG</b>	<b>STOCK CODE</b>
Ordinary shares	1329.HK

<b>DEBT SECURITY LISTED ON THE SHENZHEN STOCK EXCHANGE</b>	<b>STOCK CODE</b>
RMB2,700,000,000 Senior Class ABS due 2024	119487
RMB879,000,000 Subordinated Class ABS due 2024	119488

**INVESTOR RELATIONS CONTACT**

Email: [comsec@bcgrand.com](mailto:comsec@bcgrand.com)



# CHAIRMAN'S STATEMENT

## DEAR SHAREHOLDERS,

On behalf of the board of directors (the "Board") of Beijing Capital Grand Limited ("Capital Grand" or the "Company", together with its subsidiaries, the "Group"), I am pleased to present the interim results of the Group for the period ended 30 June 2023.

During the first half of 2023, although the major economies across the world have emerged from the shadow of the pandemic, hyperinflation remained around the world where the manifestation of austerity and spillover

effects in monetary policies of major economies restricted the recovery of the global economy. With the volatility and uncertainty in the macro environment worldwide, China adhered to the general principle of making progress while ensuring stability. The policies stabilizing economic growth, employment rate and commodity prices began to take effect, including the increasing construction of development landscape, the vigorous promotion of high-quality development, the gradual resumption of market demands, the sustainable growth of production and supply, the overall stability of employment and commodity prices, the progressive increase of resident income, as well as the general recovery of economic performance. During the first half of 2023, calculation suggested that the GDP of China reached RMB59,303.4 billion, which with the price held constant, represented a growth of 5.5% as compared to the corresponding period last year. China's economic growth rate was faster than that of last year at 3% and the first quarter of 2023 at 4.5%. This is higher than the world's major developed economies, which in turn demonstrated the strong resilience of China's economic development.

During the period, with the implementation of various domestic policies and measures to expand domestic demand, the potential of domestic demand continued to show through, especially the consumption impetus to economic growth being significantly strengthened. During the first half of 2023, the customer traffic flow of major shopping malls across the country has rebounded significantly. According to the surveillance data published by Winneryun Data Monitoring Platform (匯客雲數據平台監測), daily average customer traffic for each shopping mall throughout China amounted to 18,500 visits, representing an increase of 30.4% as compared to the corresponding period last year. During the period, the social consumptive potentiality as released has contributed to a total retail sales of consumer goods in China amounting to RMB22,758.8 billion, representing an increase of 8.2% as compared to the corresponding period last year. The Chinese economy continues to demonstrate great resilience, promising potential and sufficient vitality, as well as the basic conditions supporting high-quality development.

As a greatly important form of domestic retail business, Outlets play the role of crucial infrastructure that integrates the domestic and international circulation by supplying superior but inexpensive commodities alongside providing a unique experience, becoming an important consumer's option in the post-pandemic era with a stable and positive business development prospect. In anticipation of market development and in virtue of elaborate preparations, the Group achieved a total sales of RMB5.318 billion in the first half of the year relying on the effective support of private traffic, representing an increase of 42% over the same period last year. Customer traffic flow amounted to 26.95 million visits, representing an increase of 34% over the same period last year. The Group seized the opportunity of consumption recovery for various Outlets projects, seized the opportunity and timing for marketing, increased its penetration rate in regional markets, and explored the growth points of target customer base. By making the utmost of emerging media platforms such as Tik Tok and Xiaohongshu to form a matrix of topic propagation and make targeted promotion, our rapid traffic growth magnifies



## CHAIRMAN'S STATEMENT

the marketing effect to elevate stores' customer traffic and sales. By reinforcing the advantages of ultra-low discounts, refining customer experience, and premiumising the shopping environment, we could improve the customer retention ratio and satisfaction of customers. We have performed well during New Year's Day, Spring Festival, Women's Day, May Day, Dragon Boat Festival and other holidays. Especially during the "May Day" holidays, Outlets in 15 cities across the country have created an outstanding five-day sales volume of over RMB410 million.

During the period, the Group continued to provide members with fresh shopping experiences to enhance member stickiness, and set Saturdays and Sundays of each month as members' super discount days to concentrate our resources on sales increase. In the first half of the year, the activities of members' super discount days created sales of RMB580 million, bringing about 2.59 million store visits. Meanwhile, the increasingly diversified member registration channels, including the newly-introduced registration method via WeChat, have improved the experience for member registration. During the period, the number of new members was 319,100, of which 250,800 were active members, accounting for 78%. The customer orders contributed by members increased by 11% compared with the same period last year, and the repurchase rate of members increased by 12% compared with the same period last year. The quality of membership showed a sustained upward trend.

During the period, the Group focused on synergistic development and expanded sales from group purchase. Through the development of member tools for the purpose of directional traffic attraction, Outlets in 15 cities across the country specially invited 158 enterprises to participate in in-house purchases during Women's Day, with a 19% year-on-year increase in customer traffic. Leveraging the connection with third-party platforms such as Meituan and Tik Tok, we realized the self-service redemption for users in group buying activities, improved our customer satisfaction, enhanced the efficiency of coupon verification, and increased sales therewith. During the period, with the transformation of our mindset in self-operated business and the synergistic effect created by resources of multiple parties, we strengthened the efforts in destocking through a series of activities such as the in-house purchase carnival of famous products and participation in the 2023 Annual Summit of Automobile Brands in Beijing Worker's Gymnasium. Our inventory structure has experienced robust optimization with our profitability substantially improved.

During the period, favorable policies were continuously introduced. In March 2023, the National Development and Reform Commission published the Notice on Regulating and Efficiently Implementing the Application and Recommendation of Real Estate Investment Trusts (REITs) Projects in the Infrastructure Sector, signifying the official inclusion of consumption infrastructure into the scope of REITs issuance. It was an important initiative for China to release consumption potential, expand domestic demand, and support consumption recovery by virtue of comprehensive policies, which has also provided policy conditions for the Group's asset-light transformation. The Group will seize the window period stipulated in the policies and is dedicated to smoothen the closed-loop asset circulation featuring "investment-financing-management-withdrawal" (投-融-管-退), accelerate the improvement of business management capabilities, and gradually realize the transformation of assets "from heavy to light, from light to premium" (由重變輕、由輕變精).

During the period, the Group optimized its debt structure in an all-round effort, and effectively improved the Company's overall financial safety margin through comprehensive measures, such as premature repayment of the Senior Class ABS worth RMB2.6 billion, structural adjustments to the outstanding debts, and reduction of the comprehensive financing costs. During the period, the Group has intended to sell its two Outlets in Wuhan and Jinan, the proceeds from which will be used to repay the Group's interest-bearing debts and supplement its general working capital. At the same time, the Group will be entrusted with the management of these two Outlets in Wuhan and Jinan. Taking this opportunity, while consolidating its leading position in the Outlet track and achieving diversified revenue growth, the Group will also take an important step towards the established strategic orientation shifting from asset-heavy business model to asset-light business model.

## CHAIRMAN'S STATEMENT

During the period under review, the Group achieved an operating revenue of approximately RMB625 million, representing an increase of 36.33% over the same period last year and recorded a net profit attributable to the parent of approximately RMB87.00 million. The Board has resolved not to declare an annual dividend for the year ended 30 June 2023.

The domestic consumer market recovered at a relatively rapid pace in the first half of 2023, where the optimization and upgrading of the consumption structure continued to be fueled. Nevertheless, it must be noted that the consumption capacity and confidence of residents still need to be strengthened, and the basis for the recovery and expansion of consumption requires further consolidation. After the May Day holidays, the recovery trend of consumption has weakened, and more efforts are indispensable to promote the continuous upturn of the economy. However, advantages of China as a hyperscale market still exist, and it is in a stage of rapid upgrading of consumption structure. In view of the steady progress of new-type urbanization, the effective implementation of rural revitalization, and the continuous improvement of consumption-related infrastructure, there remains enormous consumption potential. It is expected that in the second half of the year, with the refined implementation of various consumption-promoting policies and the continuous deepening of measures tailored to improve residents' consumption capacity, the foundation for consumption growth will be continuously consolidated, which will help the consumption market continue to recover steadily.

In the second half of 2023, the Group will closely follow the national policies and rely on the core competitive advantages of "popular brand, discount and leisure" to create a one-stop shopping experience for customers of all hierarchies, further optimize and improve the consumers' service experience, and comprehensively improve the core capabilities involving tenants attraction, operation and digital marketing. In terms of tenants attraction, the Group will further make up for the shortcomings in attracting international brands, and establish the data connection between tenants attraction and operation, so as to build a more scientific and efficient system attractive to smart tenants. In terms of operation, the Group will continue to promote cost optimization and standardization, strengthen the quality improvement and upgrading of customer service centers, and accelerate the deployment of commercial service systems, so as to provide brand owners with better and timely services to achieve a win-win landscape. In terms of marketing, the Group will actively pilot Outlet-themed bazaars to create its own bazaar IP; innovate online marketing models, explore new formats of live broadcasting, upgrade the membership system, establish malls with the function of "reward points for cash coupons", and continuously improve member loyalty and repurchase rate. The improvement of digital capabilities will fundamentally enhance the Company's brand perception and core competitiveness. The Group is also committed to becoming a digitization-driven benchmarking retail enterprise.

On behalf of the Board, I would like to express our sincere gratitude to all our shareholders, partners and clients for their care and strong support to Capital Grand. The Group will keep abreast of the times, seize the opportunities of consumer market recovery and sustainable development, strengthen the construction of talent teams, continuously optimize the management system, continue to improve its capabilities of lean operation, consolidate its customer-oriented service concept, and enhance its innovation capabilities in tenant attraction, break the traditional pattern of onefold marketing method, and increase the innovative application at digital consumption scenarios. Adhering to the culture of striving hard, Capital Grand will seek for progressive development towards excellence, while relentlessly striving to become the "most valuable outlets operator in China which provides excellent experience for consumers".

**Mr. Fan Shubin**

*Chairman*

Beijing, 28 August 2023

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

In the first half of 2023, China's economic recovery showed strong momentum which was in growing trend in whole. With the full resumption of the economy to normal operation, the overall improvement of main indicators, the growth of new momentum, the steady improvement of development quality and the continued improvement of people's livelihood laid a solid foundation for achieving the prospective targets of economic and social development for the whole year. During the first half of the year, the industrial and agricultural production continued to increase, and the service industry continued to record relatively rapid growth. In particular, the contact and clustered service industries played a key supporting role in the service industry; the contribution of domestic demand increased steadily, and the driving effect of consumption on economic growth notably soared; the high-quality development has been steadily promoted, and the trend of industrial development to the middle- and high-end has become more prominent. The preliminary calculation suggested that the GDP of China in the first half of 2023 reached RMB59,303.4 billion, representing a growth of 5.5% as compared to the corresponding period last year if calculated at constant prices. However, it is also noticeable that as the global political and economic situation were complicated and the global economy witnessed weak recovery, further efforts are needed to promote the continuous recovery of the economy.

Ever since this year, various policies and measures for expanding domestic demand came into effect, and domestic demand continuously revealed its potentials. In particular, the driving effect of consumption on economic growth notably soared. During the first half of the year, the total retail sales of consumer goods maintained a relatively rapid growth, which reached RMB22,758.8 billion, representing a year-on-year increase of 8.2%. The final consumption spending contributed to 77.2% of economic growth, noticeably higher than last year, which basically recovered to the pre-pandemic levels. The steady recovery of consumption provided a strong support for the effective improvement in quality and reasonable growth in quantity of economy.

In the first half of 2023, the epidemic situation improved significantly. Coupled with the efforts of central and local governments in proactively stabilizing employment, expanding domestic demand and promoting consumption, the consumer market recovered steadily, especially accelerating recovery of contact and clustered consumption and holiday consumption, such as dining-in service and cinema. The recovery of consumer market has not only enhanced the vitality of the commercial properties market, but also boosted the confidence of brand merchants for the market. According to the National Commercial Information Center of China, the top 100 retailers (dominated by the business format of department stores) experienced an accumulated growth of 11.8% in merchandise sales in the first half of 2023. In terms of major commodity categories, the sales of clothing, gold, silver and jewelry and household appliance increased rapidly during the first half of the year compared with the same period last year. Such were the main commodity categories driving the overall growth of retail sales, representing a cumulative growth of 15.9%, 16.2% and 13.6% respectively for clothing, gold, silver and jewelry and home appliance.

In March 2023, the National Development and Reform Commission released the Notice on Regulating and Efficiently Implementing the Application and Recommendation of Real Estate Investment Trusts (REITs) Projects in the Infrastructure Sector, formally bringing the consumption infrastructure into the issuance scope of REITs, and prioritizing its support to department stores, shopping malls, farmers' markets and other urban and rural commercial network projects. This in turn guarantees community commercial projects of basic livelihood issuing infrastructure REITs. The consumption infrastructure is a real-life channel for residents to release their consumption potential. The launching of consumption infrastructure is conducive to expand the scale of consumption infrastructure investment. With the launching of consumption infrastructure REITs, it will greatly accelerate the investment recovery of relevant facilities, and also promote the construction of new consumption infrastructure and the upgrading of existing facilities while improving the efficiency of capital usage, bringing better consumption experience to the public which would in turn facilitate continuous growth of consumption.





## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### RECOVERING SIGNIFICANTLY IN OUTLETS BUSINESS AND HITTING ANOTHER RECORD HIGH IN SALES RESULTS

- During the period, all the staff of the Company with concerted efforts have struggled courageously to seize the important opportunity of market recovery, deploy its presence and formulate plans in advance. In the first half of 2023, the Company achieved a total turnover of RMB5.318 billion and a customer traffic of 26.95 million in Outlets operation, representing an increase of 42% and 34%, respectively, as compared to the corresponding period last year; and
- After a strong start in the new year, the turnover for the first two months reached RMB2.2 billion, hitting a record high; in March, Capital Outlets conducted in-depth collaboration with the resources of Capital Group achieving RMB200 million of turnover in “Women’s Day Promotion Activities”, which signified a powerful opening for the performance sprint of the first quarter; during the May Day holiday, Capital Outlets hit another record high in results with a surge of customer traffic. Five-day sales volume in 15 cities exceeded RMB410 million, representing a year-on-year increase of 136%.

#### EXPANDING PENETRATION RATE IN THE REGIONAL MARKETS AND EXPLORING THE GROWTH POINT OF TARGET CUSTOMER BASE

- By making the utmost of emerging media platforms (such as Tik Tok and Little Red Book) to form a matrix of topic propagation and make targeted marketing, our rapid traffic proliferation within range magnifies the marketing effect. Taking Zhengzhou project as an example, Zhengzhou project and URBAN REVIVO (“UR”) jointly launched the special on-site sales activities tailored to college students. Subsequent to the shopping, the college students casually took the shocking scene of “one UR blue bag per person” on subway, which caused a number of college students who had bought resonating with it to comment and repost. The popularity of the video on Tik Tok rapidly increased and was consistent with dozens of pre-publicity videos promoted during the pre-launch marketing stage of the project with mutual support, fast forming propagation matrix of the topic on Tik Tok. The incoming customers at store spontaneously spread the queuing shopping from that point onward, spreading rapidly within traffic range, which made it widely known on the Internet to realize the ideal marketing results of “people-to-goods”.

#### CONTINUOUSLY OPTIMIZING MANAGEMENT AND CONTROL SYSTEM AND CULTIVATING THE CAPABILITY OF LEAN OPERATION

- Haggling over every penny, the Group established the Cost Management Committee to promote the detailing of cost accounts, standardization of commercial improvement and modifications, centralized procurement of marketing and operation services and platformization of material procurement, which reduced costs and increased efficiency through various measures, so as to enhance the capability of platform-based lean operation.

#### ACHIEVING EFFECTIVE DESTOCKING WITH DRAMATICALLY IMPROVED PROFITABILITY IN PROPRIETARY BUSINESS

- During the period, the Group adjusted its business philosophy, clarified the profit-centered assessment orientation of its proprietary business, and took multiple measures to intensify the destocking efforts, which effectively improved its inventory structure. Meanwhile, the Group expanded consignment channels, enriched the categories of self-operated stores, and retrenched procurement costs; and accessed to a full-chain live streaming to increase online sales. As of 30 June 2023, our proprietary business has achieved sales of RMB125 million, with its profitability dramatically improved.

## MANAGEMENT DISCUSSION AND ANALYSIS

## INVESTMENT PROPERTIES

Project	Approximate Site Area (m <sup>2</sup> ) <i>(Note 1)</i>	Total Gross Floor Area (m <sup>2</sup> ) <i>(Note 2)</i>	Property Type (m <sup>2</sup> )	Time of Launching/ Expected Time of Launching	Attributable Interests
Beijing Capital Outlets (Changyang Town, Fangshan District, Beijing)	90,770 <sup>(Note 3)</sup>	108,720	Outlets: 104,340 Parking space: 4,380	2013	100%
	90,770 <sup>(Note 3)</sup>	87,770	Outlets: 39,540 Supermarket: 3,260 Parking space: 44,970	2019	100%
Kunshan Capital Outlets (Kunshan Development Zone)	46,240	50,420	Outlets: 50,420	2015	100%
Huzhou Capital Outlets (Huzhou Taihu Lake Tourism Resort) <sup>(Note 4)</sup>	46,790	50,110	Outlets: 50,110	2017	100%
Huzhou Capital Outlets (Huzhou Taihu Lake Tourism Resort) <sup>(Note 4)</sup>	109,940	97,540	Outlets: 97,540	2013	100%
Nanchang Capital Outlets (Xinjian District, Nanchang)	56,830	129,700	Outlets: 85,240 Parking space: 44,460	2017	100%
	30,150 <sup>(Note 5)</sup>	28,370	Cinema: 4,990 Supermarket: 7,660 Parking space: 15,720	2018	40%
Hangzhou Capital Outlets (Fuyang District, Hangzhou)	101,690	112,280	Outlets: 88,980 Parking space: 23,300	2017	100%
Wuhan Capital Outlets (Wuhan East Lake High-tech Development Zone)	89,760	107,560	Outlets: 83,740 Parking space: 23,820	2018	100%
Xi'an Capital Outlets (Xi'an Hi-tech Industrial Development Zone)	119,650	118,840	Outlets: 83,040 Parking space: 35,800	2019	100%
Zhengzhou Capital Outlets (Xingyang City, Zhengzhou)	80,860	96,580	Outlets: 81,070 Parking space: 15,510	2018	100%
Jinan Capital Outlets (Tangye New Area, Jinan)	114,930 <sup>(Note 6)</sup>	121,520	Outlets: 76,990 Parking space: 44,530	2019	100%
Hefei Capital Outlets (Binhu New District, Hefei)	87,910	96,270	Outlets: 75,230 Parking space: 21,040	2018	100%
Chongqing Capital Outlets (Banan District, Chongqing)	74,350 <sup>(Note 7)</sup>	110,560	Outlets: 79,110 Parking space: 31,450	2019	100%
Kunming Capital Outlets (Wuhua District, Kunming)	67,920	136,040	Outlets: 86,010 Parking space: 50,030	2020	85%
Qingdao Capital Outlets (Qingdao High-tech Zone)	93,970	97,600	Outlets: 80,280 Parking space: 17,320	2021	100%
Nanning Capital Outlets (Xingning District, Nanning)	101,970 <sup>(Note 8)</sup>	145,590	Outlets: 113,740 Parking Facility and Parking Space: 31,850	2021	100%
Xiamen Capital Outlets (Xiang'an District, Xiamen)	55,660	124,870	Outlets: 83,480 Parking space: 34,890 Supermarket: 6,500	2022	100%

## MANAGEMENT DISCUSSION AND ANALYSIS

## DEVELOPMENT PROPERTIES

Project	Approximate Site Area (m <sup>2</sup> )	Unsold Gross Floor Area (m <sup>2</sup> )	Unsold Ground Floor Area (m <sup>2</sup> )	Property Type	Attributable Interests
Xi'an First City (Xi'an Economic Technology Development Zone)	355,900	202,700	96,900	Residential/ Commercial/ Office buildings/ Parking space	100%
Nanchang Capital Outlets (Xinjian District, Nanchang)	30,150 <sup>(Note 5)</sup>	24,325	24,325	Commercial	40%
Jinan Capital Outlets (Tangye New Area, Jinan)	114,930 <sup>(Note 6)</sup>	0	0	Commercial	100%
Chongqing Capital Outlets (Banan District, Chongqing)	74,350 <sup>(Note 7)</sup>	4,567	4,567	Commercial	100%
Nanning Capital Outlets (Xingning District, Nanning)	101,970 <sup>(Note 8)</sup>	7,469	7,469	Commercial	100%

Note 1: Approximate site area is based on State-owned Construction Land Use Right Grant Contract or Land Use Right Certificates;

Note 2: Total gross floor area is based on State-owned Construction Land Use Right Grant Contract and the latest project design plan;

Note 3: The site area of Beijing Capital Outlets is 90,800 m<sup>2</sup>, of which the gross floor areas of Phase I and Phase II are 108,700 m<sup>2</sup> and 87,800 m<sup>2</sup>, respectively;

Note 4: The total site area of Huzhou Capital Outlets is 214,300 m<sup>2</sup>, of which the site area of Phase I and Phase II are 109,900 m<sup>2</sup> and 104,400 m<sup>2</sup>, respectively;

Note 5: The site area of Nanchang Capital Outlets Plot B is 30,200 m<sup>2</sup>, of which 29,700 m<sup>2</sup> of the gross floor area is investment property and 31,300 m<sup>2</sup> is development property;

Note 6: The site area of Jinan Capital Outlets is 114,900 m<sup>2</sup>, of which 121,500 m<sup>2</sup> of the gross floor area is investment property and 63,000 m<sup>2</sup> is development property;

Note 7: The site area of Chongqing Capital Outlets is 74,300 m<sup>2</sup>, of which 110,600 m<sup>2</sup> of the gross floor area is investment property and 17,100 m<sup>2</sup> is development property;

Note 8: The site area of Nanning Capital Outlets is 102,000 m<sup>2</sup>, of which 145,600 m<sup>2</sup> of the gross floor area is investment property and 15,300 m<sup>2</sup> is development property.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### 1. REVENUE AND OPERATING RESULTS

For the six months ended 30 June 2023, the revenue of the Group was approximately RMB624,962,000, representing an increase of 36% compared with the restated revenue of RMB458,432,000 for the same period in 2022. The increase in revenue was mainly attributable to the increase in sales results of Outlets as the domestic retail industry recovered rapidly due to the optimization of the prevention and control policies for COVID-19 pandemic in the first half of 2023.

For the six months ended 30 June 2023, the Group's gross profit margin was approximately 33%, representing a decrease of 9 percentage points compared with the restated gross profit margin of 42% for the same period in 2022. Among these, the gross profit margins of the investment property development and operation, the property development and the sale of merchandise inventories during the period were 60%, -185% and 18%, respectively, representing an increase of 3 percentage points, a decrease of 131 percentage points and an increase of 14 percentage points, respectively, compared with the restated gross profit margin of 57%, -54% and 4%, respectively for the corresponding period in 2022. The decrease in gross profit margin of the Group was mainly attributable to the decrease in gross profit margin of property development.

For the six months ended 30 June 2023, the Group's operating profit was approximately RMB135,995,000, representing an increase of 202% compared with the restated operating profit of RMB44,977,000 for the corresponding period in 2022. Such increase was mainly attributable to the increase in the rental income of the investment property development and operation and significant increase in fair value gains on investment properties as compared to the corresponding period last year.

For the six months ended 30 June 2023, the Group's net profit for the period amounted to approximately RMB90,079,000, which significantly increased from the net loss of RMB117,238,000 for the same period in 2022. The Group achieved a turnaround during the period, which was mainly attributable to (a) the increase to net profit of approximately RMB267 million contributed by the gain from valuation of properties for the current period as compared with the corresponding period of the previous year, which mainly represented the gain from valuation of the Wuhan Outlets and Jinan Outlets held for sale; and (b) the increase in sales of the Outlets business during the current period, which resulted in an increase in the gross profit for the current period of approximately RMB90 million as compared to the corresponding period of the previous year. The effect of aforesaid factors was partially offset by the increase in foreign exchange loss and interest expenses for the current period as compared to the corresponding period of the previous year.

#### 2. LIQUIDITY AND FINANCIAL RESOURCES

The Group has sufficient capital to meet the operational requirements. As at 30 June 2023, the Group's total cash and cash equivalents and restricted cash amounted to approximately RMB2,206,718,000 (31 December 2022: approximately RMB1,210,365,000), of which approximately RMB2,205,956,000 (31 December 2022: approximately RMB1,109,365,000), approximately RMB545,000 (31 December 2022: approximately RMB69,000) and approximately RMB216,000 (31 December 2022: approximately RMB32,000) were denominated in RMB, Hong Kong Dollar and US Dollar, respectively. The majority of the Group's cash and cash equivalents and restricted cash are deposited with creditworthy banks with no recent history of default.

As at 30 June 2023, the Group's current ratio was 1.05 (31 December 2022: 1.11).

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2023, the principal amount of interest-bearing debts of the Group amounted to approximately RMB12,794,735,000 (31 December 2022: approximately RMB11,909,442,000), of which approximately 70% was non-current portion (31 December 2022: 89%). The main purpose of the interest-bearing debt was to meet the funding requirements for property development and construction, operation and business development.

As at 30 June 2023, the Group's net gearing ratio was 235% (31 December 2022: 244%), based on the division of net debt by total equity. Net debt includes total bank and other borrowings, guaranteed notes (including current and non-current portions), the Asset-backed Securities Scheme, senior class (including current and non-current portions) and lease liabilities, less cash and cash equivalents and restricted cash. The change of net gearing ratio was primarily due to the increase in retained earnings and the decrease in net debt of the Group in the first half of 2023.

### 3. CHANGES IN PRINCIPAL SUBSIDIARIES AND MAJOR NON-CONTROLLING INTERESTS

Nil.

### 4. BORROWINGS, GUARANTEED NOTES AND ASSET-BACKED SECURITIES SCHEME

As at 30 June 2023, the Group's borrowings from banks, related parties and other financial institutions amounted to approximately RMB6,139,677,000 (31 December 2022: approximately RMB5,939,442,000). Of the total amount, bank borrowings of RMB1,211,859,000 (31 December 2022: RMB1,370,963,000) was secured by the land use rights and buildings or guaranteed by Beijing Capital Land Co., Ltd. ("BCL") or the Group. Borrowings from other financial institutions of approximately RMB1,000,000,000 (31 December 2022: approximately RMB1,000,000,000) were guaranteed by BCL. Bank borrowings of approximately RMB1,427,818,000 (31 December 2022: approximately RMB1,368,479,000) were guaranteed by Beijing Capital Group Ltd. ("Capital Group"). Borrowings from other financial institutions of approximately RMB2,500,000,000 (31 December 2022: approximately RMB2,200,000,000) were guaranteed by Capital Group.

On 9 December 2019, the Group issued an asset-backed securitization scheme known as Zhonglian Yichuang — Beijing Capital Grand Outlets No.1 Phase I Asset-backed Securities Scheme (中聯一創 — 首創鉅大奧特萊斯一號第一期資產支持專項計劃) for the purpose of securitizing the two properties held by the Group, namely the Beijing Capital Outlets and the Kunshan Capital Outlets. The total issuance of the scheme was RMB3,579,000,000 with a maturity term of five years, including: (i) the Senior Class ABS in the principal amount of RMB2,700,000,000 with a fixed coupon rate of 5.2% per annum, all of which were subscribed by qualified third party investors, and listed and traded on the Integrated Negotiated Trading Platform (綜合協議交易平台) of the Shenzhen Stock Exchange; and (ii) the Subordinated Class ABS in the principal amount of RMB879,000,000 with no fixed coupon rate, all of which were subscribed by Zhuhai Hengqin Hengsheng Huachuang Business Management Co., Ltd. ("Hengsheng Huachuang"), a wholly-owned subsidiary of the Group. The Subordinated Class ABS will not be listed. Details are set out in the announcement of the Company dated 9 December 2019.

On 28 May 2021, the Group issued Zhonglian BCG — Capital Outlets Phase II Asset-backed Securities Scheme (中聯首創證券 — 首創鉅大奧特萊斯二期資產支持專項計劃) for the purpose of securitizing the four properties held by the Group, namely the Hefei Capital Outlets, the Hangzhou Capital Outlets, the Jinan Capital Outlets and the Jiangxi Capital Outlets. The total issuance of the scheme was RMB3,268,000,000 with a maturity term of three years, including: (i) the Senior Class ABS in the principal amount of RMB2,600,000,000 with a fixed coupon rate of 5.05% per annum, which are listed and traded on the Integrated Negotiated Trading Platform (綜合協議交易平台) of the Shenzhen Stock Exchange, all of which were subscribed by qualified third party investors; and (ii) the Subordinated Class ABS in the principal amount of RMB668,000,000 with no fixed coupon rate, all of which were subscribed by Hengsheng Huachuang. The Subordinated Class ABS will not be listed. Details are set out in the announcement of the Company dated 28 May 2021. On 26 July 2023, the Asset-backed Securities Scheme was fully repaid in advance.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 27 April 2022, the Group issued an asset-backed securitized product known as China Life Investment — BCG Outlets First Stage Asset Support Scheme (國壽投資 — 首創鉅大奧特萊斯第一期資產支持計劃), under which beneficiary certificates in an aggregate principal amount of not more than RMB1,350,000,000 will be issued. Under the scheme, Hengsheng Huachuang (as the Scheme's originator) will provide loans to Chongqing Capital Outlets (重慶首創奧特萊斯) (an indirect wholly-owned subsidiary of the Company) and Kunming Capital Outlets (an indirect non wholly-owned subsidiary of the Company). The creditor's right and interests that Hengsheng Huachuang is entitled thereto will be used as the underlying assets for securitization under the scheme for the purpose of raising funds for the Group's operation and development. As at 30 June 2023, the Group has issued asset-backed securities in the principal amount of RMB1,350,000,000 with a fixed coupon rate of 4.85% and a maturity term of three years. Details are set out in the announcement of the Company dated 27 April 2022.

### 5. FOREIGN EXCHANGE EXPOSURE

Major subsidiaries of the Group operate in the PRC and most of the transactions are denominated in RMB. As at 30 June 2023, the Group had US\$-denominated bank borrowings amounting to US\$197,600,000 (31 December 2022: US\$197,700,000). Accordingly, the Group has entered into the cross currency interest rate swap agreements to manage the risk of US\$ exchange rate fluctuations. In addition, certain of the Group's assets and liabilities are denominated in HK\$ and US\$, the amount of which is not significant. Hence, it is expected that exchange rate fluctuations will have no significant impact on the finance of the Group.

### 6. FINANCIAL GUARANTEES

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to purchasers of properties. As at 30 June 2023, the financial guarantees amounted to approximately RMB314,202,000 (31 December 2022: RMB702,104,000).

### 7. CAPITAL COMMITMENTS

As at 30 June 2023, the Group had capital commitments relating to the development properties under construction of approximately RMB266,499,000 (31 December 2022: RMB388,023,000).

### 8. SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS, AND FUTURE PLANS FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF CAPITAL ASSETS

During the six months ended June 30, 2023, (a) the Group did not make any material acquisitions and disposals of subsidiaries, associates and joint ventures; and (b) the Company did not have any specific plans for material investments or acquisitions of capital assets.

### 9. PLEDGE OF ASSET

As at 30 June 2023, the total amount of the Group's pledge of investment properties and land use rights arising from borrowings were RMB3,459,000,000 (31 December 2022: RMB3,586,865,000).

### 10. CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any material contingent liabilities.

## MANAGEMENT DISCUSSION AND ANALYSIS

**11. SUBSEQUENT EVENTS****(a) Asset-backed Securities Scheme**

On 6 July 2023, the Group issued an asset-backed securitized product known as China Life Investment — BCG Outlets Second Stage Asset Support Scheme\* (國壽投資 — 首創鉅大奧特萊斯第二期資產支持計劃) for the purpose of issuing beneficiary certificates with a total principal amount of not more than RMB1,800,000,000. Under the scheme, Hengsheng Huachuang (as the scheme's originator) will provide loans to Xi'an BC Outlets, Nanning BC Outlets and Huzhou BC Outlets. The creditor's right and interests that Hengsheng Huachuang is entitled thereto will be used as the underlying assets for securitization under the scheme for the purpose of raising funds for the Group's operation and development. Details are set out in the announcement of the Company dated 6 July 2023.

**(b) Very Substantial Disposal**

On 10 July 2023, (i) Beijing Hengsheng Huaxing Investment Management Co., Ltd.\* (北京恒盛華星投資管理有限公司) ("Hengsheng Huaxing") and Shanghai Juque Investment Management Co., Ltd.\* (上海鉅譽投資管理有限公司) ("Shanghai Juque") (both being wholly-owned subsidiaries of the Company) entered into the Equity Transfer Agreement A with Jinan Commercial Management Co., Ltd.\* (濟南首城商業管理有限公司) ("Jinan Shoucheng", a connected person of the Company) and Jinan Shouju Real Estate Ltd.\* (濟南首鉅置業有限公司) ("Jinan Shouju"), pursuant to which Hengsheng Huaxing and Shanghai Juque conditionally agreed to sell, and Jinan Shoucheng conditionally agreed to buy, the entire equity interest of Jinan Shouju, and Jinan Shoucheng agreed to acquire the shareholder's loans owed by Jinan Shouju to the Group as at the date of completion of the disposal; and (ii) Shanghai Juque and Capital Juda Outlets Development Limited (首創鉅大奧萊發展有限公司) ("Juda Outlets Development", a wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement B with Wuhan Commercial Management Co., Ltd.\* (武漢市首城商業管理有限公司) ("Wuhan Shoucheng", a connected person of the Company) and Wuhan Capital Juda Outlets Business Management Limited\* (武漢首創鉅大奧萊商業管理有限公司) ("Wuhan Capital Juda"), pursuant to which Shanghai Juque and Juda Outlets Development agreed to sell, and Wuhan Shoucheng conditionally agreed to buy, the entire equity interest of Wuhan Capital Juda, and Wuhan Shoucheng agreed to acquire the shareholder's loans owed by Wuhan Capital Juda to the Group as at the effective date of Equity Transfer Agreement B. For details, please refer to the announcement of the Company dated 10 July 2023, the circular dated 3 August 2023 and the announcement dated 18 August 2023 respectively.

**(c) The Operations Entrustment Agreements**

On 10 July 2023, (i) Jinan Shouju, Beijing Capital Commercial Management Co., Ltd.\* (北京首創商業管理有限公司) ("Beijing Capital", a connected person of the Company) and the Company entered into the Operations Entrustment Agreement A, pursuant to which the Company or a wholly-owned subsidiary of the Company as nominated by it, as the operation manager, will provide property operation and management services in respect of Jinan Capital Outlets; and (ii) Wuhan Capital Juda, Beijing Capital and the Company entered into the Operations Entrustment Agreement B, pursuant to which the Company or a wholly-owned subsidiary of the Company as nominated by it, as the operation manager, will provide property operation and management services in respect of Wuhan Outlets. For details, please refer to the announcement of the Company dated 10 July 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INTERIM DIVIDEND

The Board has resolved not to declare interim dividend for the six months ended 30 June 2023 (30 June 2022: Nil).

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, so far as is known to the Directors, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, or underlying shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) ("SFO")) which were to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, so far as is known to the Directors, the following entities, not being a director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of the issued share capital (%)	Number of ordinary shares can be converted from Class A Convertible Preference Shares, Class B Convertible Preference Shares and PCBS at initial conversion price of HK\$2.10 per share	Total Interest	Percentage of total interests to total issued shares
BECL Investment Holding Limited ("BECL")	Beneficial owner	701,353,846	72.94%	1,072,928,106 (Note 5)	1,774,281,952	184.53%
BCL	Interests of controlled corporation (Note 1)	701,353,846	72.94%	1,072,928,106 (Note 5)	1,774,281,952	184.53%
Beijing Capital City Development Group Co., Ltd. ("Capital City Development")	Interests of controlled corporation (Note 1)	701,353,846	72.94%	1,072,928,106 (Note 5)	1,774,281,952	184.53%
BCG Chinastar International Limited ("BCG Chinastar")	Beneficial owner	19,800,000	2.06%	–	19,800,000	2.06%
Capital Group	Interests of controlled corporation (Note 2)	721,153,846	75%	1,072,928,106 (Note 5)	1,794,081,952	186.58%
Smart Win Group Limited	Beneficial owner	95,192,308	9.9%	313,140,124	408,332,432	42.47%



## MANAGEMENT DISCUSSION AND ANALYSIS

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of the issued share capital (%)	Number of ordinary shares can be converted from Class A Convertible Preference Shares, Class B Convertible Preference Shares and PCBS at initial conversion price of HK\$2.10 per share	Total Interest	Percentage of total interests to total issued shares
Sino-Ocean Land (Hong Kong) Limited	Interests of controlled corporation (Note 3)	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Faith Ocean International Limited	Interests of controlled corporation (Note 3)	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Shine Wind Development Limited	Interests of controlled corporation (Note 3)	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Sino-Ocean Group Holding Limited	Interests of controlled corporation (Note 3)	95,192,308	9.9%	313,140,124	408,332,432	42.47%
KKR CG Judo Outlets	Beneficial owner	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR CG Judo	Interests of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR China Growth Fund L.P.	Interests of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Associates China Growth L.P.	Interests of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR China Growth Limited	Interests of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Group Partnership L.P.	Interests of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Group Holdings L.P.	Interests of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Group Holdings Corp.	Interests of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Group Co. Inc	Interests of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR & Co. Inc	Interests of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Management LLP	Interests of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
Henry Robert Kravis	Interests of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%
Roberts George R.	Interests of controlled corporation (Note 4)	95,192,308	9.9%	200,045,787	295,238,095	30.70%

## MANAGEMENT DISCUSSION AND ANALYSIS

### Notes:

1. Total interests in 1,774,281,952 shares were deemed to be the corporation interest under the SFO
2. Total interests in 1,794,081,952 shares were deemed to be the corporation interest under the SFO
3. Total interests in 408,332,432 shares were deemed to be the corporation interest under the SFO
4. Total interests in 295,238,095 shares were deemed to be the corporation interest under the SFO
5. On 19 December 2016, the Company issued 905,951,470 Class B Convertible Preference Shares to BECL pursuant to the Class B Convertible Preference Share Subscription Agreement. On 28 December 2016, BECL converted 571,153,846 Class A Convertible Preference Shares into ordinary shares.

Save as disclosed above, as at 30 June 2023, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

### BOARD COMPOSITION

As at 30 June 2023, the Board consisted of a total of nine Directors, comprising two executive Directors, four non-executive Directors and three independent non-executive Directors.

### CHANGES OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of directors of the Company are set out below:

On 31 May 2023, Mr. Xu Jian, executive Director of the Company, resigned as a non-independent director of First Capital Securities Co., Ltd which shares are listed on the Shenzhen Stock Exchange (Stock Code: 002797.SZ).

On 4 September 2023, Mr. Yeung Chi Tat, independent non-executive director of the Company, was appointed as an independent non-executive director of ImmuneOnco Biopharmaceuticals (Shanghai) Inc. which shares are listed on the Stock Exchange (Stock Code: 1541.HK).

### CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing and maintaining good corporate governance standards, a robust internal control mechanism and effective risk management. They are convinced that sound corporate governance is the cornerstone for the Company's long-term success and can establish a framework for effective management, superior corporate culture, successful business development and higher shareholder value. At the same time, the Board also actively improves transparency and accountability to all shareholders.

During the period from 1 January 2023 to 30 June 2023, the Company complied with the requirements under the code provisions (the "Code Provision") set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules and the continuing obligations requirements of a listed issuer pursuant to the Listing Rules.

## MANAGEMENT DISCUSSION AND ANALYSIS

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Following specific enquiries by the Company, all Directors have confirmed that they fully complied with the requirements under the Model Code for the six months ended 30 June 2023.

### REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Yeung Chi Tat (Chairman), Dr. Huang Wei and Mr. Xu Weiguo. The Audit Committee, together with the management of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023.

### COST OF EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group employed 703 employees, of which 345 were male and 358 were female (as of 30 June 2022: the Group employed 1,092 employees, of which 528 were male and 564 were female). Employee benefit expense (excluding Directors' and chief executive's remuneration) of the Group incurred was approximately RMB87,809,800 as of 30 June 2023. The remuneration policy and package of the Group's employees are structured in accordance to market terms, individual employee performance, qualifications and experience and statutory requirements where appropriate. The Group also provides other staff benefits such as pension scheme, medical insurance scheme, unemployment insurance scheme and housing provident fund to motivate and reward employees at all levels to achieve the Group's business performance targets. In addition, the Group continues to provide training (including professional skills training) and development plans.

### FUTURE DEVELOPMENT AND PROSPECTS

Although the external environment is complex and severe while the domestic economy development is confronted with pressure, the fundamentals of China's positive long-term economic prospects remain unchanged, the features of strong resilience, great potential and ample vitality remain constant, and the conditions to support high-quality development also remain the same. With the accumulative increase of positive factors for promoting development, the economy is expected to experience stable development.

Looking forward to the second half of the year, the measures for promoting consumption and boosting economy will be further implemented in China, and the measures intended by various departments in each region to promote high-quality development will also be introduced continuously. By implementing the macro policies in a scientific and accurate manner, such measures will focus on expanding domestic demands and lubricating economic circulation, with a view to providing a powerful support for steady economic operation.

In the second half of 2023, the Group will further focus on its Outlets' business strengths of "popular brand, discount and leisure" to comprehensively improve the core capabilities in tenants attraction, operation and marketing: the Group will further enhance the attraction to international brands, and establish the data connection between tenants attraction and operation, so as to build a more scientific and efficient smart tenants attracting system; in terms of operation, the Group will continue to promote the optimization and standardization of cost, accelerate the deployment of commercial service system, integrate the operation system and management requirements in it and continue to improve the capability of lean operation; in terms of marketing, the Group will proactively pilot the Outlets marketplace, innovate the online marketing model, explore the new format of livestream, upgrade the membership system, establish malls with the function of "reward points for cash coupons", and continuously improve member loyalty and repurchase rate; in terms of digitization, the Group will optimize digital governance and accelerate to establish a data "cockpit" that can assist in making business decision.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group will continue to comprehensively enhance its digital capabilities in commercial operation management, improve its management efficiency, realize the availability of online merchant services, online operation management, and digital performance evaluation, which will in turn empower the improvement of lean management. Meanwhile, the Group will proactively conduct research on favorable policies, seize the window period stipulated therein, and fully promote the research on the issuance of consumption infrastructure, REITs, with a view to further lubricating the entire chain of “investment-financing-management-withdrawal” capabilities, and gradually realize the transformation of assets “from heavy to light, from light to premium”. The Company will continue to strengthen its asset management capabilities, steadily promote its asset-light strategic arrangements, realize the output of business management capabilities and brand resources, and further consolidate the Group’s leading position in the Outlets track while achieving diversified revenue growth.

**Mr. Xu Jian**

*Chief Executive Officer*  
Beijing, 28 August 2023

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

## To the Board of Directors of Beijing Capital Grand Limited

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

### INTRODUCTION

We have reviewed the interim financial information set out on pages 21 to 70, which comprises the interim consolidated statement of financial position of Beijing Capital Grand Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected 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” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion 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 Hong Kong Institute of Certified Public Accountants. 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 of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 28 August 2023

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June	
		2023	2022
		RMB'000	(Restated)
		(Unaudited)	RMB'000
			(Unaudited)
<b>Continuing operations</b>			
Revenue	6, 7	<b>624,962</b>	458,432
Cost of sales	8	<b>(416,824)</b>	(265,432)
<b>Gross profit</b>		<b>208,138</b>	193,000
Other gains/(losses) – net	7	<b>76,675</b>	(3,269)
Other income	7	<b>16,220</b>	4,942
Selling and marketing expenses	8	<b>(45,901)</b>	(36,237)
Administrative expenses	8	<b>(119,136)</b>	(113,459)
<b>Operating profit</b>		<b>135,996</b>	44,977
Finance costs	9	<b>(306,640)</b>	(238,100)
Share of losses of investments accounted for using the equity method	17	<b>(5,395)</b>	(3,062)
<b>Loss before income tax</b>		<b>(176,039)</b>	(196,185)
Income tax expenses	10	<b>(48,530)</b>	(30,558)
Loss from continuing operations		<b>(224,569)</b>	(226,743)
Profit from discontinued operation	21	<b>314,648</b>	109,505
<b>Profit/(loss) for the period</b>		<b>90,079</b>	(117,238)
Attributable to:			
– Owners of the Company		<b>87,135</b>	(116,116)
– Non-controlling interests		<b>2,944</b>	(1,122)
<b>Loss per share for loss from continuing operations attributable to ordinary equity holders of the Company during the period</b>	12	<b>(8.84)</b>	(8.85)
– Basic and diluted losses per share (RMB cents)			
<b>Earnings/(losses) per share for loss attributable to ordinary equity holders of the Company during the period</b>	12	<b>3.42</b>	(4.56)
– Basic and diluted earnings/(losses) per share (RMB cents)			

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes on page 27 to 70.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2023	2022
		RMB'000	(Restated)
		(Unaudited)	RMB'000
			(Unaudited)
<b>Profit/(loss) for the period</b>		<b>90,079</b>	(117,238)
<b>Other comprehensive income/(loss) for the period</b>			
Items that may be reclassified to profit or loss			
Cash flow hedges	18	(12,780)	50,508
Cost of hedging	18	36,222	(30,163)
		<b>23,442</b>	20,345
<b>Total comprehensive profit/(loss) for the period</b>		<b>113,521</b>	(96,893)
<b>Attributable to:</b>			
– Owners of the Company		<b>110,577</b>	(95,771)
– Non-controlling interests		<b>2,944</b>	(1,122)
<b>Total comprehensive income/(loss) for the period attributable to owners of the Company arises from:</b>			
– Continuing operations		<b>(201,688)</b>	(205,009)
– Discontinued operations		<b>312,265</b>	109,238

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes on page 27 to 70.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	<b>160,342</b>	182,827
Right-of-use assets		<b>8,999</b>	10,694
Long-term prepaid expenses	14	<b>55,937</b>	65,704
Investment properties	15	<b>13,149,555</b>	14,725,509
Intangible assets and lease prepayment	16	<b>33,195</b>	34,555
Investments accounted for using the equity method	17	<b>303,440</b>	299,185
Derivative financial assets	18	<b>135,787</b>	105,386
Trade and other receivables and prepayments	19	<b>23,335</b>	28,923
<b>Total non-current assets</b>		<b>13,870,590</b>	15,452,783
<b>Current assets</b>			
Inventories	20	<b>2,733,515</b>	2,690,328
Incremental costs of obtaining a contract		<b>15,364</b>	7,787
Trade and other receivables and prepayments	19	<b>374,466</b>	449,030
Restricted cash		<b>391,963</b>	72,705
Cash and cash equivalents		<b>1,814,755</b>	1,137,660
Assets classified as held for sale	21	<b>2,110,654</b>	–
<b>Total current assets</b>		<b>7,440,717</b>	4,357,510
<b>Total assets</b>		<b>21,311,307</b>	19,810,293
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	22	<b>4,900,343</b>	4,630,476
Lease liabilities		<b>7,601</b>	8,735
Other payables and accruals	23	<b>4,043,606</b>	5,959,018
Deferred income tax liabilities		<b>794,837</b>	903,898
<b>Total non-current liabilities</b>		<b>9,746,387</b>	11,502,127

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes on page 27 to 70.



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	24	1,638,090	1,835,198
Other payables and accruals	23	2,926,876	363,653
Contract liabilities	6	804,946	319,165
Borrowings	22	1,242,860	1,314,301
Lease liabilities		2,016	2,861
Current income tax liabilities		63,395	79,513
Liabilities directly associated with assets classified as held for sale	21	382,473	–
<b>Total current liabilities</b>		<b>7,060,656</b>	3,914,691
<b>Total liabilities</b>		<b>16,807,043</b>	15,416,818
<b>Net current assets</b>		<b>380,061</b>	442,819
<b>Total assets less current liabilities</b>		<b>14,250,651</b>	15,895,602
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	25	16,732	16,732
Perpetual convertible bond securities	27	945,805	945,755
Reserves		3,262,838	3,237,543
Retained earnings		226,179	139,094
		<b>4,451,554</b>	4,339,124
<b>Non-controlling interests</b>		<b>52,710</b>	54,351
<b>Total equity</b>		<b>4,504,264</b>	4,393,475
<b>Total equity and liabilities</b>		<b>21,311,307</b>	19,810,293

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes on page 27 to 70.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## Attributable to owners of the Company

	Issued capital											
	Class A		Class B		Perpetual convertible securities		Share premium account		Other reserves		Non-controlling interests	
	Ordinary shares	Preference shares	Convertible preference shares	Convertible preference shares	Perpetual convertible securities	Perpetual convertible securities	Share premium account	Other reserves	Retained earnings	Subtotal	Non-controlling interests	Total
(Unaudited)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Notes	7,828	1,329	7,575	945,755	3,169,418	68,125	139,094	4,339,124	54,351	4,393,475		
<b>At 1 January 2023</b>												
Profit for the period	-	-	-	-	-	-	87,135	87,135	-	87,135	2,944	90,079
Other comprehensive income for the period	-	-	-	-	-	-	-	23,442	-	23,442	-	23,442
<b>Total comprehensive income for the period</b>												
<b>Transactions with owners</b>												
Dividends payable to perpetual convertible bond securities holders	-	-	-	50	-	-	(50)	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	1,853	-	1,853	-	1,853	(4,585)	(2,732)
<b>Total transactions with owners</b>												
<b>At 30 June 2023</b>	7,828	1,329	7,575	945,805	3,169,418	93,420	226,179	4,451,554	52,710	4,504,264		
<b>At 1 January 2022</b>	7,828	1,329	7,575	945,661	3,169,418	71,434	532,476	4,735,721	54,332	4,790,053		
Loss for the period	-	-	-	-	-	-	(116,116)	(116,116)	-	(116,116)	(1,122)	(117,238)
Other comprehensive income for the period	-	-	-	-	-	20,345	-	20,345	-	20,345	-	20,345
<b>Total comprehensive income/(loss) for the period</b>												
<b>Transactions with owners</b>												
Dividends payable to perpetual convertible bond securities holders	-	-	-	46	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>												
<b>At 30 June 2022</b>	7,828	1,329	7,575	945,707	3,169,418	91,779	416,314	4,639,950	53,210	4,693,160		

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes on page 27 to 70.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations		392,022	52,434
Income tax paid		(23,379)	(14,947)
<b>Net cash flows generated from operating activities</b>		<b>368,643</b>	<b>37,487</b>
<b>Cash flows from investing activities</b>			
Interest income		12,763	3,985
Purchases of property, plant and equipment	13	(7,453)	(10,413)
Additions of long-term prepaid expenses		(16,349)	(12,777)
Additions of investment properties		(85,145)	(101,565)
Purchases of intangible assets		(1,010)	(1,631)
Proceeds from sale of investment property		3,211	–
Investment in a joint venture		(9,650)	(6,500)
Repayments from an associate	30(d)	–	1,236
Amounts provided to an associate	30(d)	(354)	(180)
<b>Net cash flows used in investing activities</b>		<b>(103,987)</b>	<b>(127,845)</b>
<b>Cash flows from financing activities</b>			
New bank and other financial institutions borrowings		300,000	255,050
Repayments of bank borrowings		(160,247)	(368,258)
Interests paid on bank and other financial institution borrowings		(207,235)	(163,822)
Cash received/(paid) for hedging instrument		22,231	(9,389)
Principal elements of lease payments		(2,218)	(3,797)
Issue of China Life Investment-BCG Outlets First Stage Asset Support Scheme (“Outlets Scheme”)		680,000	670,000
Issuance cost paid on Outlets Scheme		(3,250)	(3,250)
Interest expense and management fee on Asset-backed Securities Scheme Scheme, senior class		(145,451)	–
Interest expense and management fee on Outlets Scheme		(21,536)	(8,503)
Payment for acquisition of non-controlling interests		(2,732)	–
<b>Net cash flows generated from financing activities</b>		<b>459,562</b>	<b>368,031</b>
<b>Net increase in cash and cash equivalents</b>		<b>724,218</b>	<b>277,673</b>
Cash and cash equivalents at beginning of the period		1,137,660	719,349
Exchange (losses)/gains on cash and cash equivalents		35	18
Classified as held for sale	21	(47,158)	–
Cash and cash equivalents at end of the period		<b>1,814,755</b>	<b>997,040</b>

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes on page 27 to 70.

The notes on pages 27 to 70 form an integral part of this interim financial information.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

Beijing Capital Grand Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in commercial property development with a focus on the development, operation and management of outlets-backed commercial integrated projects and non-outlets retail property projects in the Mainland (“Mainland China”) of People’s Republic of China (the “PRC”).

The immediate holding company of the Company is BECL Investment Holding Limited. Beijing Capital Land Co., Ltd. (formerly named “Beijing Capital Land Ltd.”) (“BCL”, a limited liability company incorporated in the PRC with limited liability) is an intermediate holding company of the Company. In the opinion of the Directors (the “Directors”), the ultimate holding company of the Company is Beijing Capital Group Ltd. (“Capital Group”), a state-owned enterprise established in the PRC.

Unless otherwise stated, this interim financial information is presented in Renminbi (“RMB”). The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

This interim financial information has been approved and authorised for issue by the Board of Directors on 28 August 2023.

## 2 BASIS OF PREPARATION

This consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**3 ACCOUNTING POLICIES**

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2022, as described in the annual consolidated financial statements.

**3.1 NEW STANDARDS AND AMENDMENTS ADOPTED BY THE GROUP**

The following amended standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2023.

	<b>Effective for accounting periods beginning on or after</b>
HKFRS 17 "Insurance Contracts"	1 January 2023
Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to HKAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12	1 January 2023

The adoption of above did not have any material impact on the Group's results for the six months ended 30 June 2023 and the Group's financial position as at 30 June 2023. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

**3.2 AMENDED STANDARDS NOT YET APPLIED BY THE GROUP**

The Group has not early adopted any of the new or amended standards which have been published but not yet effective for financial period commencing 1 January 2023. The Group is assessing the impact on the consolidated financial statements if these new or amended standards have been adopted. Based on the preliminary assessment, these new or amended standards are not expected to have material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	<b>Effective for accounting periods beginning on or after</b>
Classification of Liabilities as current or non-current – Amendments to HKAS 1	1 January 2024
Non-current liabilities with covenants – Amendments to HKAS 1	1 January 2024
Lease liability in sale and leaseback – amendments to HKFRS 16	1 January 2024
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to HKFRS 10 and HKAS 28	To be determined

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 4 ESTIMATES

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

### 5 FINANCIAL RISK MANAGEMENT

#### 5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other financial institution borrowings, Asset-backed Securities Scheme, senior class, China Life Investment-BCG Outlets First Stage Asset Support Scheme ("Outlets Scheme") and cash and cash equivalents.

The main purpose of these financial instruments is to fund the Group's operations. The Group has other financial assets and liabilities such as financial assets included in trade and other receivables, financial liabilities included in other payables and accruals (excluding Asset-backed Securities Scheme, senior class, Outlets Scheme), which arise directly from its operations.

The major risks arising from the Group's financial instruments are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on minimising potential adverse effects of these risks, on the Group's financial performance.

The Directors review and approve policies for managing each of these risks and they are summarised below.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**5 FINANCIAL RISK MANAGEMENT (CONTINUED)****5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(a) Foreign exchange risk**

The Group mainly operates in Mainland China and Hong Kong with most of the Group's monetary assets, liabilities and transactions principally denominated in Hong Kong Dollars ("HK\$"), United States dollars ("US\$") and RMB. The Group is exposed to foreign exchange risk arising from future transactions and recognised assets and liabilities which are not denominated in the Group's functional currency.

The Group uses structured cross currency swaps to manage its foreign exchange risk arising from US\$-denominated floating rate bank borrowings amounting to US\$197,600,000 (31 December 2022: US\$197,700,000). The Group seeks to apply, wherever possible, hedge accounting to present its financial statements in accordance with the economic purpose of the hedging activity. The Group determines the economic relationship between the hedged items and the hedging instruments by reviewing their critical terms and performing a quantitative assessment as needed. As a result, the Group concludes that the risk being hedged for the hedged items and the risk inherent in the hedging instruments are sufficiently aligned, the hedging instruments have a one-to-one hedge ratio with the hedged items. In view of the nature of the hedging activities, no significant ineffectiveness is expected at inception.

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
<b>Assets</b>		
HK\$	<b>545</b>	690
US\$	<b>216</b>	32
	<b>761</b>	722
<b>Liabilities</b>		
US\$	<b>1,427,818</b>	1,368,479

As at 30 June 2023, if RMB had weakened/strengthened by 10% against HK\$/US\$ with all other variables held constant, profit/(loss) before tax for the year of the Group would have been RMB142,858,000 lower/higher (31 December 2022: 10%, RMB72,000 higher/lower).

The aggregate net foreign exchange losses recognised in profit or loss were:

	<b>Six months ended 30 June</b>	
	<b>2023 RMB'000</b>	2022 RMB'000
Net foreign exchange losses included in other gains/(losses) – net	<b>(53,779)</b>	(20,811)
Total net foreign exchange losses recognised in loss before income tax for the period	<b>(53,779)</b>	(20,811)

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**5 FINANCIAL RISK MANAGEMENT (CONTINUED)****5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(b) Interest rate risk**

The Group's interest rate risk arises from interest-bearing bank and other financial institution borrowings, Asset-backed Securities Scheme, senior class and Outlets Scheme. Bank borrowings obtained at variable interest rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Other financial institution borrowings, Asset-backed Securities Scheme, senior class, and Outlets Scheme obtained at fixed rates expose the Group to fair value interest rate risk. The management continuously monitors the interest rate position and makes decisions with reference to the latest market condition.

The interest rate risk of floating rate bank borrowing amounting to US\$197,600,000 (31 December 2022: US\$197,700,000) was managed by the use of structured cross currency interest rate swaps.

As at 30 June 2023, if interest rates on bank borrowings had been 50 basis points higher/lower with all other variables held constant, profit/(loss) before tax for the period would have been RMB6,608,000 (31 December 2022: RMB13,744,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	<b>30 June 2023 RMB'000</b>	<b>% of total loans</b>	31 December 2022 RMB'000	% of total loans
Variable rate borrowings	<b>2,643,203</b>	<b>43%</b>	2,744,777	46%
Fixed rate borrowings – repricing or maturity dates:				
Less than 1 year	<b>1,000,000</b>	<b>16%</b>	1,000,000	17%
1 to 5 years	<b>2,500,000</b>	<b>41%</b>	2,200,000	37%
	<b>6,143,203</b>	<b>100%</b>	5,944,777	100%

**(c) Credit risk**

Credit risk is managed on group basis. It mainly arises from cash and cash equivalents and trade and other receivables, etc. The Group has policies in place to ensure that credit sales are made to customers with a sufficient financial strength and appropriate percentage of down payment. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers and follow up action is taken to recover overdue debts, if any.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade and other receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

**5 FINANCIAL RISK MANAGEMENT (CONTINUED)****5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(c) Credit risk (Continued)***Cash and cash equivalents*

The Group expects that there is no significant credit risk associated with cash and cash equivalent since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

*Trade and other receivables (excluding prepayments)*

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade, lease receivables and contract assets (excluding prepayments). To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the aging. The expected credit loss also incorporates forward looking information.

As at 30 June 2023, the loss allowance was determined as follows for trade receivables:

	<b>Within 3 months</b>
Expected loss rate	2.9%
Gross carrying amount – trade receivables	52,956
Loss allowance	1,532

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for trade receivables during the period ended 30 June 2023 (31 December 2022: Nil).

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

<b>Category</b>	<b>Company definition of category</b>	<b>Basis for recognition of expected credit loss provision</b>
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition.	Lifetime expected losses.
Stage three	Receivables for which there is a credit loss since initial recognition.	Lifetime expected losses.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**5 FINANCIAL RISK MANAGEMENT (CONTINUED)****5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(c) Credit risk (Continued)**

The Group accounts for its credit risk by appropriately providing for expected losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

Since credit risk has not significantly increased after initial recognition, the loss allowance recognised was therefore limited to 12 months expected losses.

	Individual provision for impairment	Group provision for impairment	Total
Carrying amount of other receivables	7,989	139,409	147,398
Expected credit loss rate	100%	1.53%	6.86%
Loss allowance	(7,989)	(2,127)	(10,116)
Other receivables, net	–	137,282	137,282

**(d) Liquidity risk**

The Group's policies are to maintain sufficient cash and cash equivalents and to have available funding through Asset-backed Securities Scheme, senior class, Outlets Scheme, bank and other financial institution borrowings to meet its working capital requirements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within 1 year <i>RMB'000</i>	1 to 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At 30 June 2023 (Unaudited)</b>				
Trade payables	1,638,090	–	–	1,638,090
Other payables and accruals (including interest)	3,223,077	4,199,199	–	7,422,276
Borrowings (including interest)	1,509,883	4,992,922	430,689	6,933,494
Lease liabilities	2,445	8,160	–	10,605
	<b>6,373,495</b>	<b>9,200,281</b>	<b>430,689</b>	<b>16,004,465</b>
<b>At 31 December 2022 (Audited)</b>				
Trade payables	1,835,198	–	–	1,835,198
Other payables and accruals (including interest)	622,613	6,198,922	–	6,821,535
Borrowings (including interest)	1,595,884	4,440,987	543,688	6,580,559
Lease liabilities	3,344	9,494	–	12,838
	4,057,039	10,649,403	543,688	15,250,130

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**5 FINANCIAL RISK MANAGEMENT (CONTINUED)****5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(d) Liquidity risk (Continued)**

The amounts have not included financial guarantee contracts:

- which the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable by providing above guarantees.

**(e) Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt includes interest-bearing bank and other financial institution borrowings (including accrued interests payables), Outlets Scheme (including accrued interests payables), Asset-backed Securities Scheme, senior class (including accrued interests payables) and lease liabilities less cash and cash equivalents and restricted cash. The gearing ratios as at the end of the reporting periods were as follows:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Total borrowings (including accrued interests payables) (Note 22)	<b>6,143,203</b>	5,944,777
Asset-backed Securities Scheme, senior class (including accrued interests payables) (Note 23)	<b>5,296,121</b>	5,292,270
Outlets Scheme (including accrued interests payables) (Note 23)	<b>1,345,794</b>	668,112
Lease liabilities	<b>9,617</b>	11,596
	<b>12,794,735</b>	11,916,755
Less: Cash and cash equivalents	<b>(1,814,755)</b>	(1,137,660)
Restricted cash	<b>(391,963)</b>	(72,705)
Net debt	<b>10,588,017</b>	10,706,390
Total equity	<b>4,504,264</b>	4,393,475
Gearing ratio	<b>235%</b>	244%

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**5 FINANCIAL RISK MANAGEMENT (CONTINUED)****5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(e) Capital management (Continued)**

The change of net gearing ratio was primarily due to the decrease in net debt of the Group for the period ended 30 June 2023.

**5.2 FAIR VALUE ESTIMATION**

The table below analyses the Group's assets and liabilities carried at fair value as at 30 June 2023 and 31 December 2022, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2023 (Unaudited)</b>			
Non-financial assets			
Investment properties	–	13,149,555	13,149,555
Financial instruments			
Cross currency interest rate swap	135,787	–	135,787
<b>As at 31 December 2022 (Audited)</b>			
Non-financial assets			
Investment properties	–	14,725,509	14,725,509
Financial instruments			
Cross currency interest rate swap	105,386	–	105,386

There were no transfers among level 2 and 3 during the period.

The fair value of financial instruments traded in active markets is based on quoted market prices in active markets. The fair value of financial instruments that are not traded in an active market is determined by valuation techniques. Specific valuation techniques mainly include discounted cash flow analysis and so on.

The Group obtains independent valuations for its investment properties from an independent professional valuer as a third party. The valuations were based on income capitalisation approach which mainly used unobservable inputs such as market rent, capitalization rate.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**5 FINANCIAL RISK MANAGEMENT (CONTINUED)****5.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST**

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<b>Financial liabilities</b>				
Other financial institution borrowings	<b>2,500,000</b>	2,200,000	<b>2,601,078</b>	2,231,118
Asset-backed Securities Scheme, senior class	<b>2,698,713</b>	5,291,529	<b>2,446,230</b>	5,558,751
Outlets Scheme	<b>1,344,897</b>	667,489	<b>1,150,973</b>	699,862

Management has assessed that the fair values of cash and cash equivalents, financial assets included in trade and other receivables, financial liabilities included in trade payables, other payables and accruals (excluding Asset-backed Securities Scheme, senior class and Outlets Scheme) and lease liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The policies and procedures for the fair value measurements of financial instruments are determined by the Group's finance department and are regularly reviewed by senior management.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the interest-bearing bank and other financial institution borrowings and Asset-backed Securities Scheme, senior class and Outlets Scheme have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

**6 OPERATING SEGMENT INFORMATION**

The Directors are the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Directors for the purposes of allocating resources and assessing performance.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 6 OPERATING SEGMENT INFORMATION (CONTINUED)

The Directors considers the business from a product perspective. Management separately considers the performance of property development, investment property development and operation and sale of merchandise inventories. The segment of property development derives its revenue primarily from sale of completed properties. The segment of investment property development and operation derive its revenue primarily from rental income. The segment of sale of merchandise inventories derives its revenue primarily from sale of merchandise inventories.

These operations of other segments are excluded from the reportable operating segments, as these operations are not the key concern of the Directors. The results of these operations are included in the "Other segments".

The Directors assess the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Share of losses of investments accounted for using the equity method, interest income, foreign exchange and finance costs are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. Other information provided to the Directors, except as noted below, is measured in a manner consistent with that in the interim financial statements.

Total segment assets exclude assets classified as held for sale, and cash and cash equivalents, restricted cash, amounts due from related parties, deferred income tax assets, investments accounted for using the equity method and derivative financial assets, all of which are managed on a central basis. Total segment liabilities exclude liabilities directly associated with assets classified as held for sale and borrowings, amounts due to non-controlling interests, deferred income tax liabilities, Outlets Scheme and Asset-backed Securities Scheme, senior class, all of which are managed on a central basis as well. These are part of the reconciliation to total assets and liabilities of the interim consolidated statement of financial position.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Directors is measured in a manner consistent with that in the interim consolidated statement of profit or loss.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

## 6 OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development <i>RMB'000</i>	Investment property development and operation <i>RMB'000</i>	Sale of merchandise inventories <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Six months ended 30 June 2023 (Unaudited)</b>					
Total revenue	49,891	464,228	111,685	–	625,804
Inter-segment revenue	–	(842)	–	–	(842)
<b>Revenue (from external customers) (i)</b>	<b>49,891</b>	<b>463,386</b>	<b>111,685</b>	<b>–</b>	<b>624,962</b>
Segment operating profit/(loss)	(102,068)	274,219	12,731	(7,609)	177,273
Depreciation and amortisation (Note 8)	–	(21,123)	(4,508)	–	(25,631)
Income tax expenses (Note 10)	(1,666)	(46,863)	–	(1)	(48,530)
<b>Six months ended 30 June 2022 (Restated) (Unaudited)</b>					
Total revenue	1,982	336,236	121,024	–	459,242
Inter-segment revenue	–	(810)	–	–	(810)
<b>Revenue (from external customers) (i)</b>	<b>1,982</b>	<b>335,426</b>	<b>121,024</b>	<b>–</b>	<b>458,432</b>
<b>Segment operating profit/(loss)</b>	<b>(6,202)</b>	<b>104,111</b>	<b>1,197</b>	<b>(37,128)</b>	<b>61,978</b>
Depreciation and amortisation (Note 8)	(46)	(28,169)	(6,252)	–	(34,467)
Income tax expenses (Note 10)	(388)	(30,160)	–	(10)	(30,558)

- (i) For the six months ended 30 June 2023 and 2022, the Group derives all revenue from contracts with customers at a point in time in property development segment and sale of merchandise inventories segment.

	Property development <i>RMB'000</i>	Investment property development and operation <i>RMB'000</i>	Sale of merchandise inventories <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
<b>As at 30 June 2023 (Unaudited)</b>							
<b>Total segment assets</b>	<b>4,386,831</b>	<b>19,079,382</b>	<b>651,224</b>	<b>8,468,330</b>	<b>32,585,767</b>	<b>(16,105,362)</b>	<b>16,480,405</b>
<b>Total segment liabilities</b>	<b>(1,408,082)</b>	<b>(8,694,337)</b>	<b>(2,418,177)</b>	<b>(6,311,156)</b>	<b>(18,831,752)</b>	<b>16,105,362</b>	<b>(2,726,390)</b>
<b>As at 31 December 2022 (Audited)</b>							
<b>Total segment assets</b>	<b>4,406,321</b>	<b>19,657,627</b>	<b>551,888</b>	<b>6,770,219</b>	<b>31,386,055</b>	<b>(13,264,439)</b>	<b>18,121,616</b>
<b>Total segment liabilities</b>	<b>(992,968)</b>	<b>(8,310,869)</b>	<b>(1,248,093)</b>	<b>(5,202,045)</b>	<b>(15,753,975)</b>	<b>13,264,439</b>	<b>(2,489,536)</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**6 OPERATING SEGMENT INFORMATION (CONTINUED)**

- (a) A reconciliation of segment operating profit to profit/(loss) before income tax from the continuing operations is provided as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<i>RMB'000</i>	(Restated)
	<b>(Unaudited)</b>	<i>RMB'000</i>
		<b>(Unaudited)</b>
Segment operating profit	<b>177,273</b>	61,978
Share of losses of investments accounted for using the equity method (Note 17)	<b>(5,395)</b>	(3,062)
Interest income (Note 7)	<b>12,502</b>	3,810
Foreign exchange (Note 7)	<b>(53,779)</b>	(20,811)
Finance costs (Note 9)	<b>(306,640)</b>	(238,100)
<b>Loss before income tax from continuing operations</b>	<b>(176,039)</b>	(196,185)

- (b) Segment assets and liabilities are reconciled to total assets and liabilities as follows:

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Total segment assets	<b>16,480,405</b>	18,121,616
Cash and cash equivalents	<b>1,814,755</b>	1,137,660
Restricted cash	<b>391,963</b>	72,705
Investments accounted for using the equity method (Note 17)	<b>303,440</b>	299,185
Amounts due from related parties (Note 30(h))	<b>74,303</b>	73,741
Derivative financial assets (Note 18)	<b>135,787</b>	105,386
Assets classified as held for sale (Note 21)	<b>2,110,654</b>	–
<b>Total assets per interim consolidated statement of financial position</b>	<b>21,311,307</b>	19,810,293
Total segment liabilities	<b>2,726,390</b>	2,489,536
Borrowings (Note 22)	<b>6,143,203</b>	5,944,777
Amounts due to non-controlling interests (Note 23)	<b>118,225</b>	118,225
Deferred income tax liabilities	<b>794,837</b>	903,898
Outlets Scheme (Note 23)	<b>1,345,794</b>	668,112
Asset-backed Securities Scheme, senior class (Note 23)	<b>5,296,121</b>	5,292,270
Liabilities directly associated with assets classified as held for sale (Note 21)	<b>382,473</b>	–
<b>Total liabilities per interim consolidated statement of financial position</b>	<b>16,807,043</b>	15,416,818



## NOTES TO THE INTERIM FINANCIAL INFORMATION

**6 OPERATING SEGMENT INFORMATION (CONTINUED)**

(c) Assets and liabilities related to contracts with customers:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Sales commission for properties	<b>15,364</b>	7,787
Total incremental costs of obtaining a contract	<b>15,364</b>	7,787
Advances from sales of properties	<b>804,946</b>	319,165
Total contract liabilities	<b>804,946</b>	319,165

The Company was incorporated in the Cayman Islands, with most of its subsidiaries domiciled in Mainland China. Revenues from external customers of the Group are mainly derived in the mainland China for the six months ended 30 June 2023 and 2022.

As at 30 June 2023, total non-current assets other than deferred income tax assets and derivative financial assets located in the mainland China is RMB13,734,803,000 (31 December 2022: RMB15,347,397,000). As at 30 June 2023 and 31 December 2022, none of these non-current assets are located in Hong Kong.

For the six months ended 30 June 2023 and 2022, the Group does not have any single customer with revenue over 10% of the revenue from external customers.

For the six months ended 30 June 2023, revenue of RMB30,273,000 (six months ended 30 June 2022: RMB1,982,000) was included in the contract liabilities at the beginning of the period.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**7 REVENUE, OTHER GAINS/(LOSSES) – NET AND OTHER INCOME**

An analysis of revenue, other gains/(losses) – net and other income is as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	(Restated)
	<b>(Unaudited)</b>	RMB'000
		(Unaudited)
<b>Revenue</b>		
Rental revenue of investment properties	<b>463,386</b>	335,426
Sale of goods	<b>111,685</b>	121,024
Sale of properties	<b>49,891</b>	1,982
	<b>624,962</b>	458,432
<b>Other gains/(losses) – net</b>		
Fair value gains on investment properties	<b>131,000</b>	15,306
Government grants	<b>180</b>	672
Foreign exchange losses – net	<b>(53,779)</b>	(20,811)
Net impairment reversal on financial and contract assets	<b>597</b>	324
Others	<b>(1,323)</b>	1,240
	<b>76,675</b>	(3,269)
<b>Other income</b>		
Interest income	<b>12,502</b>	3,810
Others	<b>3,718</b>	1,132
	<b>16,220</b>	4,942

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**8 EXPENSES BY NATURE**

Expenses by nature comprised cost of sales, selling and marketing expenses and administrative expenses as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	(Restated)
	<b>(Unaudited)</b>	RMB'000
		(Unaudited)
Cost of properties sold	<b>141,046</b>	2,072
Direct operating expenses arising from property management and other property related services	<b>120,211</b>	92,974
Cost of goods sold	<b>95,134</b>	116,416
Employee benefit expense	<b>86,083</b>	88,348
– <i>Wages, salaries and staff welfare</i>	<b>64,036</b>	65,507
– <i>Pension scheme contributions</i>	<b>8,529</b>	10,709
– <i>Other allowance and benefits</i>	<b>13,518</b>	12,132
Taxes and levies (other than income tax expenses)	<b>50,946</b>	34,443
Depreciation and amortisation	<b>23,935</b>	30,922
Advertising and marketing	<b>31,924</b>	24,913
Office and traveling expenses	<b>16,830</b>	10,528
Consultancy fee	<b>6,700</b>	3,939
Depreciation charge of right-of-use assets	<b>1,696</b>	3,545
Others	<b>7,356</b>	7,028
	<b>581,861</b>	415,128

## NOTES TO THE INTERIM FINANCIAL INFORMATION

## 9 FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on bank and other financial institution borrowings	203,555	162,768
Interest expense on Outlets Scheme	21,207	5,698
Interest expenses on Asset-backed Securities Scheme, senior class	150,563	143,646
Interest expenses on lease liabilities	239	261
Net fair value losses/(gains) on derivative financial instruments		
– Reclassified from cash flow hedge reserve	(32,281)	(1,303)
– Reclassified from costs of hedging reserves	8,887	8,887
– Ineffectiveness of cash flow hedges	1,192	1,511
	353,362	321,468
Less: interests capitalised	(46,722)	(83,368)
	306,640	238,100

For the six months ended 30 June 2023, the capitalisation rate was 5.50% (six months ended 30 June 2022: 5.89%). The finance costs are capitalised into properties under development.

## 10 INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group did not derive any assessable profit in Hong Kong during the period (six months ended 30 June 2022: Nil).

Mainland China enterprise income tax has been provided at a rate of 25% (six months ended 30 June 2022: 25%) on the taxable profits of the Group's Mainland China subsidiaries during the period.

The implementation and settlement of Mainland China land appreciation tax ("LAT") varies among various cities in Mainland China. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, which is based on the estimated proceeds from sales of properties less deductible expenditures including land use rights, development and construction expenditure and other related expenditures.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**10 INCOME TAX EXPENSES (CONTINUED)**

The amount of income tax expenses charged to the interim consolidated statement of profit or loss represents:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	(Restated)
	<b>(Unaudited)</b>	RMB'000
		(Unaudited)
Current income tax		
– Mainland China enterprise income tax	<b>6,778</b>	721
– Mainland China land appreciation tax (credit)	<b>5,818</b>	(139)
Deferred income tax	<b>139,742</b>	57,154
Total tax charges for the period	<b>152,338</b>	57,736
Income tax expense is attributable to:		
Profit from continuing operations	<b>48,530</b>	30,558
Profit from discontinued operation ( <i>Note 21</i> )	<b>103,808</b>	27,178
	<b>152,338</b>	57,736

**11 DIVIDENDS**

No dividend has been paid or declared by the Company during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**12 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY**

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Restated) <i>(Unaudited)</i>
Loss from continuing operations attributable to owners of the Company	<b>(225,130)</b>	(225,354)
Excluding: loss from continuing operations attributable to the holders of convertible preference shares (the "CPS") and perpetual convertible bonds securities (the "PCBS")	<b>140,143</b>	140,254
Loss from continuing operations attributable to ordinary equity holders of the Company	<b>(84,987)</b>	(85,100)
Profit from discontinued operations	<b>312,265</b>	109,238
Excluding: Profit from discontinued operations attributable to the holders of CPS and PCBS	<b>(194,410)</b>	(68,009)
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	<b>32,868</b>	(43,871)
From continuing operations attributable to the ordinary equity holders of the company (RMB Cents)	<b>(8.84)</b>	(8.85)
From discontinued operation (RMB Cents)	<b>12.26</b>	4.29
	<b>Shares</b>	Shares
Weighted average number of ordinary shares	<b>961,538,462</b>	961,538,462

  

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
Loss per share for loss from continuing operations attributable to ordinary equity holders of the Company during the period		
– Basic and diluted losses per share (RMB Cents)	<b>(8.93)</b>	(8.86)
Earnings per share from discontinued operations attributable to ordinary equity holders of the Company during the period		
– Basic and diluted earnings per share (RMB Cents)	<b>12.35</b>	4.30

Diluted earnings per share are equal to the basic earnings per share since the Company has no potential dilutive ordinary shares during the six months ended 30 June 2023 and 2022.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

## 13 PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Furniture fixtures and equipment <i>RMB'000</i>	Motor vehicles and others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the six months ended 30 June 2023 (Unaudited)</b>				
At 1 January 2023	141,068	18,047	23,712	182,827
Additions	–	857	6,596	7,453
Transfer to investment property Classified as held for sale (Note 21)	(6,639)	–	–	(6,639)
Depreciation	(2,332)	(2,832)	(33)	(5,197)
<b>At 30 June 2023</b>	<b>114,689</b>	<b>15,433</b>	<b>30,220</b>	<b>160,342</b>
<b>For the six months ended 30 June 2022 (Unaudited)</b>				
At 1 January 2022	148,309	18,005	16,767	183,081
Additions	–	2,835	7,578	10,413
Depreciation	(2,275)	(5,309)	(144)	(7,728)
<b>At 30 June 2022</b>	<b>146,034</b>	<b>15,531</b>	<b>24,201</b>	<b>185,766</b>

## 14 LONG-TERM PREPAID EXPENSES

	Prepaid decoration expenses <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Six months ended 30 June 2023 (Unaudited)</b>			
At 1 January 2023	29,847	35,857	65,704
Additions	5,975	10,374	16,349
Classified as held for sale (Note 21)	(1,263)	(5,429)	(6,692)
Amortisation	(11,611)	(7,813)	(19,424)
At 30 June 2023	<b>22,948</b>	<b>32,989</b>	<b>55,937</b>
<b>Six months ended 30 June 2022 (Unaudited)</b>			
At 1 January 2022	50,437	39,509	89,946
Additions	4,818	7,959	12,777
Amortisation	(14,607)	(8,120)	(22,727)
At 30 June 2022	<b>40,648</b>	<b>39,348</b>	<b>79,996</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**15 INVESTMENT PROPERTIES****(A) INVESTMENT PROPERTIES UNDER CONSTRUCTION**

	<b>Cost</b> RMB'000
<b>Six months ended 30 June 2023 (Unaudited)</b>	
At 1 January 2023	–
Additions	–
At 30 June 2023	–
<b>Six months ended 30 June 2022 (Unaudited)</b>	
At 1 January 2022	825,008
Additions	31,206
At 30 June 2022	856,214

**(B) INVESTMENT PROPERTIES IN OPERATION**

	<b>Six months ended 30 June</b>	
	<b>2023</b> RMB'000 <b>(Unaudited)</b>	<b>2022</b> RMB'000 <b>(Unaudited)</b>
At 1 January	<b>14,725,509</b>	13,670,827
Additions	–	24,694
Disposals	<b>(2,726)</b>	–
Transfer from property, plant and equipment ( <i>Note 13</i> )	<b>6,639</b>	–
Classified as held for sale ( <i>Note 21</i> )	<b>(2,016,592)</b>	–
Net gains from fair value adjustment	<b>436,725</b>	80,864
Other adjustments ( <i>i</i> )	–	(38,558)
At 30 June	<b>13,149,555</b>	13,737,827

- (i) For the six months ended 30 June 2022, an adjustment of RMB38,558,000 was made to the investment properties upon final agreement of the actual overall construction costs with the relevant contractors.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

**15 INVESTMENT PROPERTIES (CONTINUED)****(C) AMOUNTS RECOGNISED IN PROFIT OR LOSS FOR INVESTMENT PROPERTIES**

Profit or loss recognised in the interim consolidated statement of profit or loss arose from fair value changes, rental income and operating expenses, etc.

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Net gains from fair value adjustment	<b>436,725</b>	80,864
Rental income from leases	<b>590,101</b>	427,833
Direct operating expenses from investment properties that generated rental income	<b>(3,722)</b>	(2,240)
Direct operating expenses from investment properties that did not generate rental income	<b>(119)</b>	(53)

The Group's finance department is in charge of assets' valuation and employs the independent professional valuer to evaluate the fair value of investment properties. The finance department verifies all valuation results, responsible for the relative accounting treatments and prepares disclosure information of fair values according to the verified valuation results.

The investment properties are leased to tenants under operating leases with rentals payable on a monthly basis. There are no variable lease payments that depends on an index or rate.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

The Group has certain investment properties with restrictions on the rights to dispose and transfer which could only be held for rental operation.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**15 INVESTMENT PROPERTIES (CONTINUED)****(C) AMOUNTS RECOGNISED IN PROFIT OR LOSS FOR INVESTMENT PROPERTIES (CONTINUED)**

Information about fair value measurements using significant unobservable inputs:

Investment Properties	Fair value as at 30 June 2023 (Unaudited) RMB'000	Valuation techniques	Unobservable inputs		
			Title	Range	Relationship of unobservable inputs to fair value
Central region	<b>6,503,338</b>	Income capitalisation approach	Capitalization rate	4% to 7%	The higher capitalization rate, the lower fair value
			Market rental price	RMB29 to RMB160 per square meter per month	The higher market rental price, the higher fair value
North region	<b>3,820,440</b>	Income capitalisation approach	Capitalization rate	5.50% to 6.50%	The higher capitalization rate, the lower fair value
			Market rental price	RMB87 to RMB293 per square meter per month	The higher market rental price, the higher fair value
South region	<b>2,825,777</b>	Income capitalisation approach	Capitalization rate	5.5% to 6.5%	The higher capitalization rate, the lower fair value
			Market rental price	RMB44 to RMB128 per square meter per month	The higher market rental price, the higher fair value

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**15 INVESTMENT PROPERTIES (CONTINUED)****(C) AMOUNTS RECOGNISED IN PROFIT OR LOSS FOR INVESTMENT PROPERTIES (CONTINUED)**

Information about fair value measurements using significant unobservable inputs (Continued):

Investment Properties	Fair value as at 31 December 2022 (Audited) RMB'000	Valuation techniques	Unobservable inputs		
			Title	Range	Relationship of unobservable inputs to fair value
Central region	7,344,645	Income capitalisation approach	Capitalization rate	4% to 7%	The higher capitalization rate, the lower fair value
			Market rental price	RMB37 to RMB160 per square meter per month	The higher market rental price, the higher fair value
North region	4,555,087	Income capitalisation approach	Capitalization rate	4% to 7%	The higher capitalization rate, the lower fair value
			Market rental price	RMB51 to RMB286 per square meter per month	The higher market rental price, the higher fair value
South region	2,825,777	Income capitalisation approach	Capitalization rate	5.5% to 6.5%	The higher capitalization rate, the lower fair value
			Market rental price	RMB45 to RMB128 per square meter per month	The higher market rental price, the higher fair value

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**16 INTANGIBLE ASSETS AND LEASE PREPAYMENT**

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At 1 January	34,555	34,468
Additions	1,010	1,631
Classified as held for sale (Note 21)	(515)	–
Amortisation	(1,855)	(1,590)
At 30 June	33,195	34,509

**17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD****17.1 INVESTMENTS IN JOINT VENTURES**

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At 1 January	273,806	263,579
Capital injection	9,650	6,500
Share of losses	(4,528)	(5,124)
At 30 June	278,928	264,955

**17.2 INVESTMENTS IN AN ASSOCIATE**

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At 1 January	25,379	24,086
Share of (loss)/profits	(867)	2,062
At 30 June	24,512	26,148

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**18 DERIVATIVE FINANCIAL ASSETS**

The Group has the following derivative financial instruments:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Cash flow hedges		
Cross currency interest rate swaps (i)	<b>135,787</b>	105,386

- (I) On 3 August 2021, Trade Horizon, a Company's wholly-owned subsidiary, entered into a cross currency interest rate swaps ("CCIRS") to hedge the US\$/RMB exchange risk and the interest rate risk arising from the US\$-denominated floating rate borrowing issued on 29 July 2021. According to the contract of the CCIRS, the Group receives US\$ floating rate interest and pays RMB fixed rate interest and receives US\$ notional amount and pays RMB equivalent of the notional amount at the strike rate (strike rate varies if the spot rate on the maturity date is above higher cap strike or below the lower cap strike). The CCIRS meets the criteria to apply hedging accounting in accordance with the Group's economic purpose of the hedging activities.

**(II) FAIR VALUE MEASUREMENT**

Information about the methods and assumptions used in determining the fair value of derivatives are set out below:

<b>Financial Instruments</b>	<b>Valuation techniques</b>	<b>Significant inputs</b>
Cross currency interest rate swaps	Black-Scholes formula	Observable exchange rates, interest rates and volatility levels
	Discounted cash flow	Observable exchange rates and interest rates of respective currency

## NOTES TO THE INTERIM FINANCIAL INFORMATION

## 18 DERIVATIVE FINANCIAL ASSETS (CONTINUED)

## (III) HEDGING RESERVES

	Cash flow hedge reserve RMB'000	Costs of hedging reserves RMB'000	Total RMB'000
<b>At 31 December 2022 (Audited)</b>	<b>85,617</b>	<b>(80,289)</b>	<b>5,328</b>
Other comprehensive loss			
Cash flow hedges	–	–	–
Net fair value gains	<b>26,489</b>	–	<b>26,489</b>
Reclassification to profit or loss	<b>(39,269)</b>	–	<b>(39,269)</b>
Total cash flow hedges	<b>(12,780)</b>	–	<b>(12,780)</b>
Costs of hedging			
Net fair value gains	–	<b>27,335</b>	<b>27,335</b>
Amortisation to profit or loss	–	<b>8,887</b>	<b>8,887</b>
Total costs of hedging	–	<b>36,222</b>	<b>36,222</b>
<b>At 30 June 2023 (Unaudited)</b>	<b>72,837</b>	<b>(44,067)</b>	<b>28,770</b>

  

	Cash flow hedge reserve RMB'000	Costs of hedging reserves RMB'000	Total RMB'000
<b>At 31 December 2021 (Audited)</b>	18,591	(9,954)	8,637
Other comprehensive loss	–	–	–
Cash flow hedges			
Net fair value gains	100,312	–	100,312
Reclassification to profit or loss	(49,804)	–	(49,804)
Total cash flow hedges	50,508	–	50,508
Costs of hedging			
Net fair value losses	–	(39,050)	(39,050)
Amortisation to profit or loss	–	8,887	8,887
Total costs of hedging	–	(30,163)	(30,163)
<b>At 30 June 2022 (Unaudited)</b>	69,099	(40,117)	28,982

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**18 DERIVATIVE FINANCIAL ASSETS (CONTINUED)**

(IV) The effects of applying hedge accounting on the Group's financial position and performance are as follows:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Cross currency interest rate swaps		
Carrying amount assets	<b>135,787</b>	105,386
Notional amount	<b>1,427,818</b>	1,368,479
Maturity date	<b>17 July 2024</b>	17 July 2024
Hedge ratio	<b>1:1</b>	1:1
Changes in fair value of the hedging instrument used for measuring effectiveness	<b>26,489</b>	186,018
Changes in fair value of the hedged item used for measuring effectiveness	<b>(26,489)</b>	(186,018)
Strike rate	<b>RMB6.4616:US\$1</b>	RMB6.4616:US\$1
Higher cap	<b>RMB7:US\$1</b>	RMB7:US\$1
Lower cap	<b>Not applicable</b>	Not applicable
US\$ floating interest rate receive leg	<b>3 months US\$-LIBOR+1.80% per annum based on US\$ notional</b>	3 months US\$-LIBOR+1.80% per annum based on US\$ notional
RMB fixed interest rate pay leg	<b>3.88% per annum based on RMB notional</b>	3.88% per annum based on RMB notional

## NOTES TO THE INTERIM FINANCIAL INFORMATION

## 19 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Trade receivables from contracts with customers	<b>52,956</b>	72,444
Less: provision for impairment of trade receivables ( <i>Note 5.1(c)</i> )	<b>(1,532)</b>	(1,626)
	<b>51,424</b>	70,818
Prepayments to related parties ( <i>Note 30(h)</i> )	<b>2,368</b>	16,161
Prepayments of merchandise inventories	<b>46,721</b>	79,458
Other prepayments	<b>3,322</b>	23,003
Input value-added tax to be deducted and prepaid other taxes	<b>156,684</b>	131,794
Other deposits	<b>5,837</b>	7,472
Amounts due from related parties ( <i>Note 30(h)</i> )	<b>74,303</b>	73,741
Other receivables	<b>67,258</b>	86,213
Less: provision for impairment of other receivables	<b>(10,116)</b>	(10,707)
	<b>397,801</b>	477,953
Less: non-current portion		
– Input value added tax to be deducted	<b>(23,335)</b>	(28,923)
Current portion	<b>374,466</b>	449,030

Trade receivables mainly arise from rental revenue of investment properties. Lessees are generally granted credit terms of 1 to 3 months. An ageing analysis of the Group's trade receivables based on invoice date as at the end of the reporting period is as follows:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Within 1 year	<b>52,956</b>	72,444

As at 30 June 2023, there are trade receivables amounted to RMB846,000 (31 December 2022: RMB846,000) due from related parties.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

**20 INVENTORIES**

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Properties under development	<b>1,805,004</b>	1,632,779
Completed properties held for sale	<b>728,026</b>	780,463
Merchandise inventories	<b>338,816</b>	322,905
Less: impairment for inventories	<b>(138,331)</b>	(45,819)
	<b>2,733,515</b>	2,690,328

**21 DISCONTINUED OPERATION**

The Company is planning to dispose the entire equity interest of the Company's wholly owned subsidiaries Jinan Shouju Real Estate Ltd. and Wuhan Capital Juda Outlets Business Management Limited (together, the "Target Companies") to the fellow subsidiaries of Capital Group (the "Disposal"). On 28 June 2023, the Directors of the Company have approved the Disposal.

The associated assets and liabilities were consequently presented as held for sale in this interim consolidated financial information, and the target companies are reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

**(I) FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION**

The financial performance and cash flow information presented are for the six months ended 30 June 2023 and 2022.

	<b>Six months ended 30 June</b>	
	<b>2023 RMB'000 (Unaudited)</b>	2022 RMB'000 (Unaudited)
Revenue	<b>126,715</b>	92,407
Cost of sales	<b>(29,951)</b>	(9,684)
Other gains	<b>336,067</b>	67,156
Other income	<b>261</b>	175
Selling and marketing expenses	<b>(7,403)</b>	(3,960)
Administrative expenses	<b>(5,364)</b>	(6,743)
Finance costs	<b>(1,869)</b>	(2,668)
Profit before income tax	<b>418,456</b>	136,683
Income tax expense	<b>(103,808)</b>	(27,178)
Profit after income tax of discontinued operation	<b>314,648</b>	109,505
Net cash inflows generated from operating activities	<b>115,486</b>	34,568
Net cash flows (used in)/generated from investing activities	<b>(22,487)</b>	5,311
Net cash flows used in financing activities	<b>(96,495)</b>	(104,065)
<b>Net decrease in cash and cash equivalents</b>	<b>(3,496)</b>	(64,186)

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**21 DISCONTINUED OPERATION (CONTINUED)****(II) ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE**

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 30 June 2023:

	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>
Assets classified as held for sale	
Property, plant and equipment	<b>18,102</b>
Long-term prepaid expenses	<b>6,692</b>
Investment properties	<b>2,016,592</b>
Intangible assets and lease prepayment	<b>515</b>
Inventories	<b>868</b>
Trade and other receivables and prepayments	<b>16,963</b>
Restricted cash	<b>3,764</b>
Cash and cash equivalents	<b>47,158</b>
<b>Total assets of disposal group held for sale</b>	<b>2,110,654</b>
Liabilities directly associated with assets classified as held for sale	
Deferred income tax liabilities	<b>248,804</b>
Trade payables	<b>102,076</b>
Other payables and accruals	<b>28,803</b>
Current income tax liabilities	<b>2,790</b>
<b>Total liabilities of disposal group held for sale</b>	<b>382,473</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

## 22 BORROWINGS

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>Non-current</b>		
Bank borrowings	<b>2,400,343</b>	2,430,476
Other financial institution borrowings	<b>2,500,000</b>	2,200,000
	<b>4,900,343</b>	4,630,476
<b>Current</b>		
Current portion of long-term bank borrowings	<b>242,860</b>	1,314,301
Current portion of long-term other financial institution borrowings	<b>1,000,000</b>	–
	<b>1,242,860</b>	1,314,301
	<b>6,143,203</b>	5,944,777

As at 30 June 2023, bank borrowings totaling RMB222,867,000 (31 December 2022: RMB227,667,000) were secured by the Group's investment properties with carrying amount of RMB818,000,000 (31 December 2022: RMB806,574,000) and were guaranteed by the Company.

As at 30 June 2023, bank borrowings amounting to RMB450,000,000 (31 December 2022: RMB603,800,000) were secured by investment properties with carrying amount of RMB1,685,000,000 (31 December 2022: RMB2,451,788,000) and guaranteed by BCL (Note 30(c)).

As at 30 June 2023, bank borrowings amounting to RMB538,993,000 (31 December 2022: RMB539,496,000) were secured by the land use rights with carrying amount of RMB956,000,000 (31 December 2022: RMB328,504,000) and guaranteed by BCL (Note 30(c)).

As at 30 June 2023, bank borrowings amounting to RMB1,427,818,000 (31 December 2022: RMB1,368,479,000) were guaranteed by Capital Group and the Company (Note 30(c)).

As at 30 June 2023, other financial institution borrowings amounting to RMB1,000,000,000 (31 December 2022: RMB1,000,000,000) were guaranteed by BCL (Note 30(c)).

As at 30 June 2023, other financial institution borrowings amounting to RMB2,500,000,000 (31 December 2022: RMB2,200,000,000) were guaranteed by Capital Group (Note 30(c)).

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**22 BORROWINGS (CONTINUED)**

- (a) The maturities of the Group's total borrowings at respective dates of the interim consolidated statement of financial position are set out as follows:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Total borrowings		
– Within 1 year	<b>1,242,860</b>	1,314,301
– Between 1 and 2 years	<b>1,530,483</b>	2,962,462
– Between 2 and 5 years	<b>2,960,556</b>	1,171,885
– Over 5 years	<b>409,304</b>	496,129
	<b>6,143,203</b>	5,944,777

- (b) The carrying amounts of the Group's borrowings and loans are denominated in following currencies:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
US\$	<b>1,427,818</b>	1,368,479
RMB	<b>4,715,385</b>	4,576,298
Total	<b>6,143,203</b>	5,944,777

- (c) The weighted average effective interest rates for the six months ended 30 June 2023 and 2022 are set out as follows:

	<b>Six months ended 30 June 2023 (Unaudited)</b>	2022 (Unaudited)
Bank and other financial institution borrowings	<b>5.12%</b>	5.38%

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**22 BORROWINGS (CONTINUED)**

- (d) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Within 6 months	<b>1,083,600</b>	67,997
Between 6 and 12 months	<b>2,559,603</b>	3,676,780
Between 1 and 5 years	<b>2,500,000</b>	2,200,000
	<b>6,143,203</b>	5,944,777

Except for the borrowing listed in Note 5.3, the carrying amounts of other borrowings approximate their respective fair values, as the borrowings bore floating interest rates, the impact of discounting is not significant. The fair values are based on cash flows discounted using market rate and are within level 2 of the fair value hierarchy.

**23 OTHER PAYABLES AND ACCRUALS**

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Other taxes payables	<b>27,280</b>	41,463
Employee benefits payable	<b>4,440</b>	3,772
Other payables and accruals due to related parties (Note 30(h))	<b>6,358</b>	6,015
Amounts due to non-controlling interests	<b>118,225</b>	118,225
Asset-backed Securities Scheme, senior class (i)	<b>5,296,121</b>	5,292,270
Outlets Scheme (ii)	<b>1,345,794</b>	668,112
Deposits received	<b>117,980</b>	139,330
Collect and remit payment on behalf of customers	<b>7,970</b>	5,681
Prepaid rental income from tenants	<b>32,604</b>	35,199
Others	<b>13,710</b>	12,604
	<b>6,970,482</b>	6,322,671
Less: non-current portion		
– Asset-backed Securities Scheme, senior class and Outlets Scheme	<b>(4,043,606)</b>	(5,959,018)
Current portion	<b>2,926,876</b>	363,653

The financial liabilities included in the above balance excluding Asset-backed Securities Scheme, senior class and Outlets Scheme are non-interest bearing and normally settled on demand.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**23 OTHER PAYABLES AND ACCRUALS (CONTINUED)**

- (i) On 9 December 2019, the Group issued an asset-backed securities Scheme, senior class known as Phase I Asset-backed Securities Scheme. The issuance of the Asset-backed Securities Scheme, senior class was for securitisation of the properties held by the Group, namely the Beijing Capital Outlets and the Kunshan Capital Outlets, for the purpose of funding the Group's operations and development.

The total issuance of the scheme was RMB3,579,000,000, including: (i) the Asset-backed Securities Scheme, senior class in the principal amount of RMB2,700,000,000 with a fixed coupon rate of 5.2% per annum and a term of five years maturing on 9 December 2024, all of which were subscribed by qualified investors (which were Third Parties) and has been listed on the Integrated Negotiated Trading Platform of the Shenzhen Stock Exchange; and (ii) the Subordinated Class ABS in the principal amount of RMB879,000,000 with no fixed coupon rate and a term of five years maturing on 9 December 2024, all of which were subscribed by Hengsheng Huachuang, a Company's wholly owned subsidiary. The Subordinated Class ABS will not be listed.

On 28 May 2021, the Group privately issued an Asset-backed Securities Scheme, senior class known as Phase II Asset-backed Securities Scheme. The issuance of the Asset-backed Securities Scheme, senior class was for securitisation of the properties held by the Group, namely the Hefei Capital Outlets, the Hangzhou Capital Outlets, the Jinan Capital Outlets and the Jiangxi Capital Outlets, for the purpose of funding the Group's operations and development.

The total issuance of the scheme was RMB3,268,000,000, including: (i) the Asset-backed Securities Scheme, senior class in the principal amount of RMB2,600,000,000 with a fixed coupon rate of 5.05% per annum and a term of three years maturing on 28 May 2024, all of which were subscribed by qualified investors (which were Third Parties) and has been listed on the Integrated Negotiated Trading Platform of the Shenzhen Stock Exchange; and (ii) the Subordinated Class ABS in the principal amount of RMB668,000,000 with no fixed coupon rate and a term of three years maturing on 28 May 2024, all of which were subscribed by Hengsheng Huachuang. The Subordinated Class ABS will not be listed. On 26 July 2023 Phase II Asset-backed Securities Scheme have been fully repaid in advance.

- (ii) On 27 April 2022, the Group issued an asset-backed securitised product known as China Life Investment-BCG Outlets First Stage Asset Support Scheme. For the purpose of issuing beneficiary certificates with a total principal amount of not more than RMB1,350,000,000. Under the Outlets Scheme, Hengsheng Huachuang (as the Scheme's originator) will provide loans to Chongqing Shouju Outlet Real Estate Co., Ltd. (an indirect wholly-owned subsidiary of the Company) and Kunming Capital Outlet Commercial Management Co., Ltd. (an indirect non wholly-owned subsidiary of the Company) and the rights such as the creditor's right and interests that Hengsheng Huachuang is entitled thereto will be used as the underlying assets for securitisation under the Outlets Scheme for the purpose of funding the Group's operation and development of business.

On 27 April 2022, the Outlets Scheme was issued with a principal amount of RMB670,000,000 at a fixed coupon rate of 4.85% per annum and a maturity term of three years maturing on 27 April 2025; On 27 April 2023, the Outlets Scheme was issued with a principal amount of RMB680,000,000 at a fixed coupon rate of 4.85% per annum and a maturity term of three years maturing on 27 April 2026, all of which were held by China Life Investment Management Company Limited.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**24 TRADE PAYABLES**

An ageing analysis of the Group's trade payables based on invoice date or construction completion date is as follows:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Within 1 year	<b>940,538</b>	1,232,800
1 to 2 years	<b>396,501</b>	425,082
2 to 3 years	<b>214,255</b>	80,869
over 3 years	<b>86,796</b>	96,447
	<b>1,638,090</b>	1,835,198

As at 30 June 2023, there were no trade payables due to related parties (As at 31 December 2022: Nil).

The trade payables are non-interest bearing and repayable within the normal operating cycle or on demand.

**25 SHARE CAPITAL**

	<b>30 June 2023 Number of shares</b>	31 December 2022 Number of shares	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>Authorised:</b>				
Ordinary shares, HK\$0.01 each	<b>18,355,918,048</b>	18,355,918,048	<b>160,009</b>	160,009
Class A CPS, HK\$0.01 each	<b>738,130,482</b>	738,130,482	<b>5,875</b>	5,875
Class B CPS, HK\$0.01 each	<b>905,951,470</b>	905,951,470	<b>7,575</b>	7,575
	<b>20,000,000,000</b>	20,000,000,000	<b>173,459</b>	173,459
<b>Issued and fully paid:</b>				
Ordinary shares, HK\$0.01 each	<b>961,538,462</b>	961,538,462	<b>7,828</b>	7,828
Class A CPS, HK\$0.01 each	<b>166,976,636</b>	166,976,636	<b>1,329</b>	1,329
Class B CPS, HK\$0.01 each	<b>905,951,470</b>	905,951,470	<b>7,575</b>	7,575
	<b>2,034,466,568</b>	2,034,466,568	<b>16,732</b>	16,732

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**26 CPS****CLASS A CPS**

On 22 January 2015, the Company issued 738,130,482 Class A CPS to BECL at HK\$2.66 per share. On 28 December 2016, 571,153,846 Class A CPS were converted into ordinary shares.

- (i) The Class A CPS is non-redeemable with no maturity.
- (ii) Each Class A CPS is convertible by its holders into one ordinary share of the Company of HK\$0.01 each at nil consideration, at any time after issuance, provided that they may not exercise the conversion rights as to such number the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.
- (iii) Each Class A CPS shall confer on the holder thereof the right to receive any dividend *pari passu* with holders of ordinary shares on the basis of the number of ordinary share(s) into which each Class A CPS may be converted on an as converted basis.
- (iv) The Class A CPS shall not confer on its holder thereof the right to vote at a general meeting of the Company, unless a resolution is to be proposed for winding-up the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the holders of Class A CPS.
- (v) On a distribution of assets on liquidation, winding-up or dissolution of the Company, the assets and funds of the Company shall, subject to applicable laws, firstly pay to the Class A and Class B CPS holders, *pari passu* as between themselves, an amount equal to the aggregate nominal amounts of the Class A and Class B CPS.

As there is no contractual obligations to redeem Class A CPS by the Company, Class A CPS is therefore classified as equity in the consolidated financial statements.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

**26 CPS (CONTINUED)****CLASS B CPS**

On 14 December 2016, the Company issued 905,951,470 Class B CPS to BECL at HK\$2.78 per share.

- (i) The Class B CPS is non-redeemable with no maturity.
- (ii) Each Class B CPS is convertible by its holders into one ordinary share of the Company of HK\$0.01 each at nil consideration, at any time after issuance, provided that they may not exercise the conversion rights as to such number the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.
- (iii) Each Class B CPS shall confer on the holder thereof the right to receive any dividend pari passu with holders of ordinary shares on the basis of the number of ordinary share(s) into which each Class B CPS may be converted on an as converted basis.
- (iv) Each Class B CPS shall confer on its holder the right to receive a preferred distribution ("Preferred Distribution") from the date of the issue at a rate of 0.01% per annum on the issue price, payable annually in arrears. The Preferred Distribution is non-cumulative, and the Company may, in its sole discretion, elect to defer or not to pay the Preferred Distribution. During the period, the Company did not pay any Preferred Distribution (six months ended 30 June 2022: Nil). As at 30 June 2023, there was no Preferred Distribution deferred and payable by the Company (31 December 2022: Nil).
- (v) The Class B CPS shall not confer on its holder thereof the right to vote at a general meeting of the Company, unless a resolution is to be proposed for winding-up the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the holders of Class B CPS.
- (vi) On a distribution of assets on liquidation, winding-up or dissolution of the Company, the assets and funds of the Company shall, subject to applicable laws, firstly pay to the Class A and Class B CPS holders, pari passu as between themselves, an amount equal to the aggregate nominal amounts of the Class A and Class B CPS.

As there is no contractual obligations to redeem Class B CPS by the Company, Class B CPS is therefore classified as equity in the consolidated financial statements.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 27 PCBS

On 28 December 2016, the Company issued PCBS in the principal amounts of HK\$657,594,260 to Smart Win Group Limited and in the principal amounts of HK\$420,096,153 to KKR CG Judo Outlets, respectively, resulting in credits to PCBS of RMB945,197,000 after deducting the direct professional fee of RMB22,817,000.

The PCBS has no fixed maturity and can be redeemed by the Company at any time after 30 years from the issuance date, in its sole and absolute discretion. The PCBS shall be convertible at the option of its holders, at the initial conversion price of HK\$2.10 per share, into a maximum of 513,185,911 new ordinary shares, provided that the holders of PCBS may not exercise the conversion rights whenever the conversion would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.

The holder(s) of the PCBS are entitled to receive interest on the outstanding principal amount of the PCBS at a rate equal to 0.01% per annum on a non-cumulative basis, of which the Company shall have the right, exercisable in its sole discretion, to elect to defer the payment, with no interest accrued thereon. The Company shall not pay any dividends, distributions or make any other payment on the ordinary shares, Class A CPS and Class B CPS or other share capital of the Company unless at the same time it pays to the holders of the PCBS any deferred or unpaid interest payment. In the event that any dividend or distribution is paid on the ordinary shares, CPS (save and except for Preferred Distributions to be paid on the class B CPS at a rate which shall not exceed the rate of interest) or other share capital of the Company, the Company shall pay additional variable interest on the PCBS representing such dividend or distribution so paid in an aggregate amount equal to (a) the amount of such dividend or distribution per share multiplied by (b) the aggregate number of ordinary shares into which the PCBS then outstanding may be converted, in the same form and on the same date.

As at 30 June 2023, the Group has accrued interest amounting to RMB608,000 (31 December 2022: RMB558,000).

As the Company has no contractual obligations to the holders of PCBS, the PCBS is classified as equity in the consolidated financial statements.

### 28 COMMITMENTS

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

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Contracted, but not provided for:		
– Properties under development	<b>266,499</b>	388,023

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**29 FINANCIAL GUARANTEES**

The Group had the following financial guarantees as at the end of the reporting period:

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Mortgage facilities for certain purchasers of the Group's properties	<b>314,202</b>	702,104

As part of the Group's business, the Group provides 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, upon occurrence of default on mortgage repayments by these purchasers during the guarantee period, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interests and penalties due by the defaulted purchasers to the banks. At the same time, the Group is entitled to take over the legal title and possession of the related properties. The guarantee period of the Group commences on the grant date of the relevant mortgage and terminates on obtaining the "property title certificate" by the property purchasers.

**30 RELATED PARTY TRANSACTIONS**

Apart from the transactions and balances disclosed elsewhere in these interim financial statements, the Group had the following significant transactions with related parties during the reporting period:

**(A) PROVISION OF SERVICES**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Provision of services		
– Project management services for a subsidiary of BCL	–	1,200

## NOTES TO THE INTERIM FINANCIAL INFORMATION

## 30 RELATED PARTY TRANSACTIONS (CONTINUED)

## (B) PURCHASES OF SERVICES

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Purchases of services		
– Management fees on Asset-backed Securities Scheme, senior classes deed to fellow subsidiaries	2,107	2,118
– Service fees to:		
– BCL	992	855
– a fellow subsidiary	97	–
– Guarantee fees relating to:		
– Outlets Scheme (i)	2,338	835
– bank and other financial institution borrowing deed to Capital Group (ii)	11,966	9,567
– bank loan and other financial institution borrowing deed to BCL (iii)	759	–
– Property management expenses to a fellow subsidiary of BCL, which has been disposed by BCL in June 2022	–	18,875
	18,259	32,250

(i) Capital Group issued a guarantee to China Life Investment Management Company Limited (“China Life”) for Outlets Scheme with a total principal amount of not exceeding RMB1,350,000,000. In accordance with the Outlets Scheme, the Group is required to pay an amount of 0.7% per annum on the outstanding principal to Capital Group as guarantee fee.

(ii) Capital Group issued a guarantee to China Life for a borrowing of the Group of RMB1,500,000,000. The Group is required to pay 0.7% per annum on the outstanding principal as guarantee fee to Capital Group.

Capital Group issued a guarantee to Ping An Bank for a borrowing of the Group of US\$ 198,000,000. The Group is required to pay 0.7% per annum on the outstanding principal to Capital Group as guarantee fee.

Capital Group issued a guarantee to China Life with a principal of not exceeding RMB1,000,000,000. The Group is required to pay 0.7% per annum on the outstanding principal to Capital Group as guarantee fee.

(iii) BCL issued a guarantee to Taiping Assets Management Company Limited for a borrowing of the Group of RMB1,000,000,000. The Group is required to pay 0.1% per annum on the outstanding principal to BCL as guarantee fee.

BCL issued a guarantee to Agricultural Bank of China for a borrowing of the Group of RMB538,993,000. The Group is required to pay 0.1% per annum on the outstanding principal to BCL as guarantee fee.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**30 RELATED PARTY TRANSACTIONS (CONTINUED)****(C) GUARANTEE FROM RELATED PARTIES**

As at 30 June 2023, BCL provided irrevocable guarantee to the Group in respect of the bank and other financial institution borrowings of the Group amounted to RMB1,988,993,000 (31 December 2022: RMB2,143,296,000) (Note 22).

As at 30 June 2023, Capital Group provided irrevocable guarantee to the Group in respect of the other financial institution borrowings of the Group amounted to RMB3,927,818,000 (31 December 2022: RMB3,568,479,000) (Note 22).

**(D) ADVANCES TO AN ASSOCIATE**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
At 1 January	<b>68,398</b>	68,999
Funds granted	<b>354</b>	180
Repayments	–	(1,236)
At 30 June	<b>68,752</b>	67,943

The advances to the associate are unsecured, interest-free and have no fixed repayment terms.

**(E) FUNDS GRANTED TO A JOINT VENTURE**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
At 1 January	<b>2,117</b>	2,117
Interest income accrued	<b>150</b>	50
At 30 June	<b>2,267</b>	2,167

The funds are unsecured, bear interests at 5% per annum, and have no fixed repayment terms.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**30 RELATED PARTY TRANSACTIONS (CONTINUED)****(F) LOANS FROM BCL**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
At 1 January	–	100,209
Interest accrued	–	2,052
At 30 June	–	102,261

**(G) KEY MANAGEMENT COMPENSATION**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Salaries, allowances and benefits in kinds	<b>2,876</b>	3,186
Pension scheme contributions	<b>214</b>	362
	<b>3,090</b>	3,548

**(H) PERIOD-END BALANCES**

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Trade receivables		
– a fellow subsidiary	<b>846</b>	846
Prepayments to related parties		
– Capital Group	<b>1,927</b>	15,361
– Fellow subsidiaries	<b>441</b>	800
	<b>2,368</b>	16,161
Amounts due from related parties		
– An associate of the Group	<b>68,752</b>	68,398
– A joint venture of the Group	<b>2,267</b>	2,117
– Fellow subsidiaries	<b>1,098</b>	1,040
– An associate of BCL	<b>193</b>	193
– A joint venture of BCL	<b>1,993</b>	1,993
	<b>74,303</b>	73,741
Other payables and accruals		
– Capital Group	<b>871</b>	–
– BCL	<b>5,483</b>	5,967
– A fellow subsidiary	<b>4</b>	48
	<b>6,358</b>	6,015

## NOTES TO THE INTERIM FINANCIAL INFORMATION

**30 RELATED PARTY TRANSACTIONS (CONTINUED)****(I) LEASE FROM RELATED PARTIES**

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Right-of-use rights	<b>353</b>	1,050
Lease liabilities	<b>347</b>	1,177

Hengsheng Huaxing rent building used as administrative office from related parties. Right-of-use rights amounted to RMB353,000 (31 December 2022: RMB1,050,000) and lease liabilities amounted to RMB347,000 (31 December 2022: RMB1,177,000) are recognised respectively.

**31 EVENTS OCCURRING AFTER THE REPORTING PERIOD**

As disclosed in Note 21, the Disposal constitutes a very significant disposal and connected transaction under the Hong Kong listing rules. The Disposal was approved at the Company's Extraordinary General Meeting on 18 August 2023. The Disposal has been completed on 22 August 2023.

As disclosed in Note 23, the Group has early terminated and fully repaid the Phase II Asset-backed Securities Scheme on 26 July 2023, whose principal amount was RMB2,600,000,000.

The Group have obtained a loan facility of RMB1,169,400,000 from a bank for a term of seven years. On 10 August 2023, the loan has been finally approved by the bank. The financing arrangements have not been signed by the Group and bank until this interim report was released.