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# LOGAN

## 龙光集团

**Logan Group Company Limited**

**龍光集團有限公司**

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

**(Stock Code: 3380)**

### **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020**

#### **INTERIM RESULTS HIGHLIGHTS**

- Profit attributable to owners of parent amounted to RMB6,157.5 million, representing an increase of 20.1% as compared with the corresponding period of last year. Core profit\* attributable to owners of parent amounted to RMB5,334.4 million, representing an increase of 18.3% as compared with the corresponding period of last year.
- Net profit amounted to RMB6,285.1 million, core profit amounted to RMB5,462.0 million, core profit margin was 17.6%.
- Contracted sales attributable to the Group for the six months ended 30 June 2020 increased by approximately 12.1% as compared with the corresponding period of last year to approximately RMB46,354.4 million.
- Revenue amounted to RMB31,035.0 million, representing an increase of 14.9% as compared with the corresponding period of last year.
- Cash and bank balances were RMB41,904.0 million as at 30 June 2020. Net debt-to-equity ratio was maintained at a healthy and stable level of 68.3%.
- Declared an interim dividend in cash of HK43 cents per share for the six months ended 30 June 2020. The total dividend represents approximately 40% of the core profit attributable to owners of the parent.

\* Core profit equals net profit adjusted to changes in fair value of investment properties and derivative financial instruments and relevant deferred tax.

## INTERIM RESULTS

The board of directors (the “**Board**”) of Logan Group Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2020 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		<b>Six months ended 30 June</b>	
		<b>2020</b>	2019
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>REVENUE</b>	3	<b>31,034,969</b>	27,021,708
Cost of sales		<b>(20,100,618)</b>	(17,629,310)
<b>Gross profit</b>		<b>10,934,351</b>	9,392,398
Other income and gains	3	<b>1,065,720</b>	1,367,105
Other expenses		<b>(86,364)</b>	(1,846)
Selling and marketing expenses		<b>(664,869)</b>	(684,898)
Administrative expenses		<b>(813,093)</b>	(627,123)
Net increase in fair value of investment properties	8	<b>1,057,455</b>	787,879
Net increase in fair value of derivative financial instruments		<b>29,998</b>	27,952
Share of losses of associates		<b>(33,498)</b>	(35,321)
Share of losses of joint ventures		<b>(296,660)</b>	(42,434)
<b>PROFIT FROM OPERATIONS</b>		<b>11,193,040</b>	10,183,712
Finance costs	4	<b>(943,824)</b>	(826,332)
<b>PROFIT BEFORE TAX</b>	5	<b>10,249,216</b>	9,357,380
Income tax expense	6	<b>(3,964,165)</b>	(4,067,019)
<b>PROFIT FOR THE PERIOD</b>		<b>6,285,051</b>	5,290,361
Attributable to:			
Owners of the parent		<b>6,157,484</b>	5,128,402
Non-controlling interests		<b>127,567</b>	161,959
		<b>6,285,051</b>	5,290,361
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RMB cents)</b>			
Basic	7	<b>110.28</b>	91.87
Diluted		<b>109.41</b>	90.45

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<b>PROFIT FOR THE PERIOD</b>	<b><u>6,285,051</u></b>	<b><u>5,290,361</u></b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD (after tax and reclassification adjustments)</b>		
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of financial statements of group entities	<u>183,787</u>	<u>21,856</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>6,468,838</u></b>	<b><u>5,312,217</u></b>
<b>Attributable to:</b>		
Owners of the parent	<u>6,341,271</u>	<u>5,150,258</u>
Non-controlling interests	<u>127,567</u>	<u>161,959</u>
	<b><u>6,468,838</u></b>	<b><u>5,312,217</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

		30 June 2020 (Unaudited) <i>RMB'000</i>	31 December 2019 (Audited) <i>RMB'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Investment properties	8	28,512,010	26,604,198
Other property, plant and equipment		518,869	891,954
Deferred tax assets		1,283,816	914,263
Investments in associates		3,375,276	3,460,487
Investments in joint ventures		11,441,540	13,934,196
Cash and bank balances		1,752,827	980,543
		<u>46,884,338</u>	<u>46,785,641</u>
<b>CURRENT ASSETS</b>			
Inventories		81,918,375	86,351,810
Trade and other receivables, prepayments and other assets	9	62,592,650	31,327,794
Tax recoverable		1,471,892	1,254,170
Assets under cross-border guarantee arrangements		7,198,833	566,140
Cash and bank balances		40,151,209	39,724,570
		<u>193,332,959</u>	<u>159,224,484</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	58,841,733	56,166,909
Contract liabilities		31,694,987	26,030,052
Liabilities under cross-border guarantee arrangements		7,942,921	921,994
Bank and other loans		10,945,625	9,443,571
Senior notes		8,303,824	3,128,150
Other current liabilities		11,871,177	17,024,670
Tax payable		7,936,815	6,381,743
		<u>137,537,082</u>	<u>119,097,089</u>
<b>NET CURRENT ASSETS</b>		<u>55,795,877</u>	<u>40,127,395</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>102,680,215</u>	<u>86,913,036</u>

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

30 June 2020

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
<b>NON-CURRENT LIABILITIES</b>		
Bank and other loans	<b>16,836,362</b>	13,503,512
Senior notes	<b>16,202,964</b>	18,195,653
Corporate bonds	<b>13,418,000</b>	8,382,000
Deferred tax liabilities	<b>3,999,505</b>	3,837,852
	<u><b>50,456,831</b></u>	<u>43,919,017</u>
<b>Total non-current liabilities</b>	<b>50,456,831</b>	43,919,017
<b>Net assets</b>	<b><u>52,223,384</u></b>	<b><u>42,994,019</u></b>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	<b>436,677</b>	435,167
Perpetual capital securities	<b>2,363,346</b>	2,363,346
Reserves	<b>34,769,878</b>	31,395,904
	<u><b>37,569,901</b></u>	<u>34,194,417</u>
<b>Non-controlling interests</b>	<b>14,653,483</b>	8,799,602
<b>Total equity</b>	<b><u>52,223,384</u></b>	<b><u>42,994,019</u></b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial information of the Group (the “**interim financial information**”) for the six months ended 30 June 2020 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

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

The accounting policies adopted in the preparation of the interim financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the following revised Hong Kong Financial Reporting Standards (the “**HKFRSs**”, which include all HKFRSs, HKASs and Interpretations issued by the HKICPA), that have been adopted by the Group for the first time in 2020 for the current period’s interim financial information:

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively, including the application of the optional fair value concentration test, to transactions or other

events that occurred on or after 1 January 2020. The Group has considered the Amendments to HKFRS 3 in the determination of a business for the acquisition of subsidiaries in the current period.

- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any significant impact on the Group's interim financial information.
- (c) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by primary users. The amendments did not have any significant impact on the Group's interim financial information.

## **2. OPERATING SEGMENT INFORMATION**

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

- (a) the property development segment develops and sells residential properties and retail shops;
- (b) the property leasing segment leases office units and retail shops to generate rental income and to gain from the appreciation in the properties' values in the long term;
- (c) the construction and decoration contracts segment engages in construction of office premises and residential buildings and provides decoration services for external customers and for group companies, and provides interior decoration services to property buyers; and
- (d) the urban redevelopment business segment engages in the sale of land held for development.

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

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

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

Information regarding the reportable segments is presented below.

*For the six months ended 30 June 2020*

(Unaudited)	Property development <i>RMB'000</i>	Property leasing <i>RMB'000</i>	Construction and decoration contracts <i>RMB'000</i>	Urban redevelopment business <i>RMB'000</i>	Total <i>RMB'000</i>
Gross revenue from external customers	20,735,094	71,771	4,358,326	6,000,000	31,165,191
Less: Sales related taxes	<u>(118,251)</u>	<u>(3,340)</u>	<u>(8,631)</u>	<u>—</u>	<u>(130,222)</u>
Net revenue from external customers	20,616,843	68,431	4,349,695	6,000,000	31,034,969
Inter-segment revenue	<u>—</u>	<u>30,923</u>	<u>7,061,613</u>	<u>—</u>	<u>7,092,536</u>
Reportable segment revenue	<u>20,616,843</u>	<u>99,354</u>	<u>11,411,308</u>	<u>6,000,000</u>	<u>38,127,505</u>
Reportable segment profit	<u>5,029,410</u>	<u>78,090</u>	<u>3,415,851</u>	<u>3,750,193</u>	<u>12,273,544</u>

*For the six months ended 30 June 2019*

(Unaudited)	Property development <i>RMB'000</i>	Property leasing <i>RMB'000</i>	Construction and decoration contracts <i>RMB'000</i>	Urban redevelopment business <i>RMB'000</i>	Total <i>RMB'000</i>
Gross revenue from external customers	16,381,860	70,985	5,843,261	4,900,000	27,196,106
Less: Sales related taxes	<u>(155,731)</u>	<u>(306)</u>	<u>(18,361)</u>	<u>—</u>	<u>(174,398)</u>
Net revenue from external customers	16,226,129	70,679	5,824,900	4,900,000	27,021,708
Inter-segment revenue	<u>—</u>	<u>24,372</u>	<u>3,961,645</u>	<u>—</u>	<u>3,986,017</u>
Reportable segment revenue	<u>16,226,129</u>	<u>95,051</u>	<u>9,786,545</u>	<u>4,900,000</u>	<u>31,007,725</u>
Reportable segment profit	<u>3,707,676</u>	<u>87,913</u>	<u>2,313,929</u>	<u>2,989,605</u>	<u>9,099,123</u>

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>		
Reportable segment revenue	<b>38,127,505</b>	31,007,725
Elimination of inter-segment revenue	<b>(7,092,536)</b>	(3,986,017)
Consolidated revenue	<b><u>31,034,969</u></b>	<u>27,021,708</u>
<b>Profit</b>		
Reportable segment profit	<b>12,273,544</b>	9,099,123
Elimination of inter-segment profits	<b>(2,612,972)</b>	(827,239)
Reportable segment profit derived from the Group's external customers	<b>9,660,572</b>	8,271,884
Other income and gains	<b>1,065,720</b>	1,367,105
Other expenses	<b>(86,364)</b>	(1,846)
Depreciation	<b>(31,751)</b>	(33,546)
Finance costs	<b>(943,824)</b>	(826,332)
Share of losses of associates	<b>(33,498)</b>	(35,321)
Share of losses of joint ventures	<b>(296,660)</b>	(42,434)
Net increase in fair value of investment properties	<b>1,057,455</b>	787,879
Net increase in fair value of derivative financial instruments	<b>29,998</b>	27,952
Unallocated head office and corporate income and expenses	<b>(172,432)</b>	(157,961)
Consolidated profit before tax	<b><u>10,249,216</u></b>	<u>9,357,380</u>

**Geographical information**

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

### 3. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<i>Revenue from contracts with customers</i>		
Sale of properties*	20,735,094	16,381,860
Construction and decoration income	4,358,326	5,843,261
Urban redevelopment business income	6,000,000	4,900,000
<i>Revenue from another source</i>		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	71,771	70,985
	<u>31,165,191</u>	<u>27,196,106</u>
Less: Sales related taxes	(130,222)	(174,398)
	<u><u>31,034,969</u></u>	<u><u>27,021,708</u></u>

\* The invoiced amount billed to buyers of properties for the six months ended 30 June 2020 was RMB22,532,266,000 (six months ended 30 June 2019: RMB17,776,078,000) including value-added tax of RMB1,797,172,000 (six months ended 30 June 2019: RMB1,394,218,000).

**Revenue from contracts with customers**

***Disaggregated revenue information***

*For the six months ended 30 June 2020*

	<b>Sale of properties <i>RMB'000</i></b>	<b>Construction and decoration income <i>RMB'000</i></b>	<b>Urban redevelopment business income <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
Timing of revenue recognition:				
Goods transferred at a point in time	20,616,843	—	6,000,000	26,616,843
Services transferred over time	<u>—</u>	<u>4,349,695</u>	<u>—</u>	<u>4,349,695</u>
Total revenue from contracts with customers	<u><u>20,616,843</u></u>	<u><u>4,349,695</u></u>	<u><u>6,000,000</u></u>	<u><u>30,966,538</u></u>

*For the six months ended 30 June 2019*

	<b>Sale of properties <i>RMB'000</i></b>	<b>Construction and decoration income <i>RMB'000</i></b>	<b>Urban redevelopment business income <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
Timing of revenue recognition:				
Goods transferred at a point in time	16,226,129	—	4,900,000	21,126,129
Services transferred over time	<u>—</u>	<u>5,824,900</u>	<u>—</u>	<u>5,824,900</u>
Total revenue from contracts with customers	<u><u>16,226,129</u></u>	<u><u>5,824,900</u></u>	<u><u>4,900,000</u></u>	<u><u>26,951,029</u></u>

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

*For the six months ended 30 June 2020*

	<b>Property development RMB'000</b>	<b>Construction and decoration contracts RMB'000</b>	<b>Urban redevelopment business RMB'000</b>	<b>Total RMB'000</b>
Revenue from contracts with customers				
External customers	20,616,843	4,349,695	6,000,000	30,966,538
Intersegment sales	—	7,061,613	—	7,061,613
	<u>20,616,843</u>	<u>11,411,308</u>	<u>6,000,000</u>	<u>38,028,151</u>
Intersegment adjustments and eliminations	—	(7,061,613)	—	(7,061,613)
Total revenue from contracts with customers	<u><u>20,616,843</u></u>	<u><u>4,349,695</u></u>	<u><u>6,000,000</u></u>	<u><u>30,966,538</u></u>

*For the six months ended 30 June 2019*

	<b>Property development RMB'000</b>	<b>Construction and decoration contracts RMB'000</b>	<b>Urban redevelopment business RMB'000</b>	<b>Total RMB'000</b>
Revenue from contracts with customers				
External customers	16,226,129	5,824,900	4,900,000	26,951,029
Intersegment sales	—	3,961,645	—	3,961,645
	<u>16,226,129</u>	<u>9,786,545</u>	<u>4,900,000</u>	<u>30,912,674</u>
Intersegment adjustments and eliminations	—	(3,961,645)	—	(3,961,645)
Total revenue from contracts with customers	<u><u>16,226,129</u></u>	<u><u>5,824,900</u></u>	<u><u>4,900,000</u></u>	<u><u>26,951,029</u></u>

## Other income and gains

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

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Bank interest income	223,142	256,000
Interest income on amounts due from an associate and joint ventures	613,354	476,525
Forfeiture income on deposits received	28,924	30,696
Gains on disposal of subsidiaries upon loss of control, net	4,013	—
Gains on deemed disposal of subsidiaries upon loss of control, net	9,317	14,047
Gains on remeasurement of pre-existing interests in an associate and joint ventures to the date of obtaining control and acquisition	—	239,514
Gains on bargain purchase	—	324,627
Others	186,970	25,696
	<u>1,065,720</u>	<u>1,367,105</u>

## 4. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Interest on bank and other loans and other borrowing costs	1,065,536	1,045,866
Interest on senior notes	886,702	676,609
Interest on corporate bonds	653,708	610,068
	<u>2,605,946</u>	<u>2,332,543</u>
Total interest expense on financial liabilities not at fair value through profit or loss	2,605,946	2,332,543
Less: Interest capitalised	(1,662,122)	(1,506,211)
	<u>943,824</u>	<u>826,332</u>

## 5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Cost of properties sold	16,602,650	13,356,781
Cost of services provided	3,497,968	4,272,529
Depreciation	40,633	34,831
Less: Amount capitalised	(8,882)	(1,285)
	<u>31,751</u>	<u>33,546</u>
Equity-settled share option expense	54,027	30,000
Interest income:		
— Cash at bank	(223,142)	(256,000)
— Amounts due from an associate and joint ventures	(613,354)	(476,525)
Gains on disposal of subsidiaries upon loss of control, net	(4,013)	—
Gains on deemed disposal of subsidiaries upon loss of control, net	(9,317)	(14,047)
Gains on remeasurement of pre-existing interests in an associate and a joint venture to the date of obtaining control and acquisition	—	(239,514)
Gains on bargain purchase	—	(324,627)
Net gain on disposal of items of other property, plant and equipment	(27)	(715)
Foreign exchange differences, net	8,726	1,281
	<u>8,726</u>	<u>1,281</u>

## 6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2020 and 2019. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Current charge for the period:		
PRC corporate income tax	3,217,426	2,948,028
PRC land appreciation tax	802,586	1,072,917
Withholding tax	110,000	—
	<u>4,130,012</u>	<u>4,020,945</u>
Deferred	(165,847)	46,074
	<u><u>3,964,165</u></u>	<u><u>4,067,019</u></u>
Total tax charge for the period		

## 7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount for the six months ended 30 June 2020 is based on the profit for the period attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities, and the weighted average number of ordinary shares of 5,511,445,687 (six months ended 30 June 2019: 5,491,145,769) in issue less the weighted average number of shares held under the share award scheme (six months ended 30 June 2019: Nil) during the period.

The calculation of the diluted earnings per share amount for the six months ended 30 June 2020 is based on the profit for the period attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary shares into ordinary shares.

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
<b>Earnings</b>		
Profit attributable to owners of the parent	6,157,484	5,128,402
Distribution related to perpetual capital securities	<u>(83,785)</u>	<u>(83,785)</u>
Profit used in the basic and diluted earnings per share calculations	<u><u>6,073,699</u></u>	<u><u>5,044,617</u></u>
	<b>Number of shares</b>	
	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>'000</b>	'000
<b>Shares</b>		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period, used in the basic earnings per share calculation	5,507,586	5,491,146
Effect of dilution — weighted average number of ordinary shares: Share options	<u>43,634</u>	<u>86,397</u>
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	<u><u>5,551,220</u></u>	<u><u>5,577,543</u></u>

## 8. INVESTMENT PROPERTIES

All of the Group's investment properties and investment properties under construction were revalued on 30 June 2020 based on valuations performed by APAC Asset Valuation and Consulting Limited and Vocation (Beijing) International Assets Appraisal Co., Ltd., independent professionally qualified valuers.

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

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

During the period, the net increase in fair value of investment properties and investment properties under construction amounted to RMB1,057,455,000 (six months ended 30 June 2019: RMB787,879,000), additions in investment properties and investment properties under construction amounted to RMB151,293,000 (six months ended 30 June 2019: RMB191,894,000), transfer from inventories to investment properties of nil (six months ended 30 June 2019: RMB26,507,000), additions in investment properties and investment properties under construction through acquisition of subsidiaries of nil (six months ended 30 June 2019: RMB6,265,916,000), and transfer from other property, plant and equipment to investment properties amounted to RMB681,857,000 (six months ended 30 June 2019: Nil).

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

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

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

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

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

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Current to 30 days	<b>1,934,790</b>	73,726
31 days to 90 days	<b>46,292</b>	447,875
91 to 180 days	<b>134,431</b>	20,280
181 to 365 days	<b>4,509</b>	740
Over 365 days	<b>243</b>	—
	<b><u>2,120,265</u></b>	<b><u>542,621</u></b>

## 10. TRADE AND OTHER PAYABLES

Included in the balance as at 30 June 2020 is an aggregate trade payables balance of RMB24,979,057,000 (31 December 2019: RMB24,127,252,000). An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Current to 30 days	7,033,907	9,532,282
31 to 90 days	4,681,523	5,381,636
91 to 180 days	4,470,408	2,723,328
181 to 365 days	5,453,882	3,084,331
Over 365 days	3,339,337	3,405,675
	<u>24,979,057</u>	<u>24,127,252</u>

The trade payables are non-interest-bearing.

## 11. DIVIDEND

	<b>Six months ended 30 June 2020 (Unaudited) RMB'000</b>	2019 (Unaudited) RMB'000
Declared interim dividend — HK43 cents per ordinary share (six months ended 30 June 2019: HK38 cents per ordinary share)	<u>2,139,027</u>	<u>1,832,487</u>

The interim dividend has not been recognised as a liability at the end of the reporting period.

## 12. FINANCIAL GUARANTEES

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

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties ( <i>notes (i) and (ii)</i> )	<u>36,505,615</u>	<u>36,322,302</u>
Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures and an associate, net of counter-guarantees from joint venture partners	<b>6,917,591</b>	7,695,074
Add: Counter-guarantees provided by joint venture partners to the Group	<u>793,870</u>	<u>1,341,370</u>
Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures and an associate provided by the Group ( <i>note (iii)</i> )	<u>7,711,461</u>	<u>9,036,444</u>
	<u><b>44,217,076</b></u>	<u><b>45,358,746</b></u>

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

*Notes:*

- (i) As at 30 June 2020, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction banks, net of any auction proceeds as described below.

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

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

- (ii) The fair value of the guarantees at initial recognition and the ECL allowance are not significant as the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties.
- (iii) As at 30 June 2020, the Group provided guarantees to the extent of RMB7,711,461,000 (31 December 2019: RMB9,036,444,000) in respect of credit facilities granted to the joint ventures and an associate. In addition, as at 30 June 2020, the joint venture partners entered into counter-guarantee agreements with the Group, pursuant to which the joint venture partners provided counter-guarantees to the Group in proportion to those joint venture partners' respective interests in the joint ventures in respect of guarantees provided by the Group to the banks and other lenders on behalf of the joint venture partners. In the event of default on payment by the joint ventures, the Group is responsible for repaying the outstanding loan principals together with the accrued interest and penalties owed by the joint ventures, and the Group has the right to recover from the joint venture partners the attributable portion of liabilities paid pursuant to the counter-guarantee agreements.

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

### **13. EVENT AFTER THE REPORTING PERIOD**

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

## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors of the Company (the “**Board**”), I hereby present the interim results of the Group for the six months ended 30 June 2020.

### **Business Review**

During the first half of 2020, global economy underwent a downturn cycle due to the outbreak of the novel coronavirus pandemic and trade protectionism launched by the United States. Amidst complicated international conditions, the Chinese Central Government adheres to the supply side structural reform and economic structural optimization as the main development theme, and continues to foster growth in effective domestic demand. As a result, China's economy remains generally stable.

Despite the volatilities caused by the coronavirus in the first half of 2020, the Group continued to deliver solid results across economic cycles owing to its abundant and premium land bank. For the six months ended 30 June 2020, the Group achieved attributable contracted sales of approximately RMB46.35 billion, representing an industry-leading level increase of approximately 12.1% as compared with the same period of last year, achieving 42% of the 2020 annual sales target. The gross floor area of attributable contracted sales amounted to approximately 3.04 million square meters. According to the interim financial information for the six months ended 30 June 2020, the Group's revenue recognized amounted to approximately RMB31,034 million, representing an increase of approximately 14.9% as compared with the same period of last year. Gross profit amounted to approximately RMB10,934 million, with a gross profit margin of 35.2%. Profit attributable to owners of parent amounted to RMB6,157 million, representing an increase of 20.1% as compared with the corresponding period of last year. Core profit attributable to owners of the parent amounted to approximately RMB5,334 million, representing an increase of approximately 18.3% as compared with the same period of last year. With the core profit margin amounting to 17.6%, the Group continued to maintain its leadership in the industry in terms of profitability. Interim dividend of HK43 cents per share will be distributed, providing shareholders with a stable and attractive dividend return.

Urban redevelopment projects serve as the main source of the Group's high-value premium land bank. The Group's professional urban redevelopment team has an extensive understanding of local policies, as well as urban planning for industries and the population of the Greater Bay Area. Thus, our professional team enjoys significant competitive advantages in the urban redevelopment business. The Group's urban redevelopment business currently covers 11 cities with a total land value of more than RMB450 billion, 94% of which is located in the Greater Bay Area. Given the abundant premium land banks, the Group enjoys the first mover competitive advantage. Besides, the Group's urban redevelopment projects has estimated saleable value of approximately RMB290.3 billion in its areas that can be redeveloped independently. Those high-quality projects enjoy a short incubation period, and a good track record with clear earnings visibility.

The Group has always believed that a stable and prudent capital structure will build a solid foundation for its long-term sustainable development. In the first half of 2020, Logan Group successfully issued senior notes with an aggregate principal amount of US\$480 million, at an average issuance rate of 5.62%. Shenzhen Logan Holdings Co., Ltd., a wholly-owned subsidiary of the Company, issued domestic corporate bonds with an aggregate principal amount of RMB2.5 billion at an average coupon rate of 4.73% per annum. As at 30 June 2020, the Group had cash and bank balances of approximately RMB41.9 billion, with a net gearing ratio of approximately 68.3% (as at 31 December 2019: 67.4%). The average interest rate for new borrowings was 5.45% per annum and weighted average borrowing interest rate was 5.93% per annum. In the future, the Group will continue to explore and diversify its financing channels to ensure a sustainable and steady development.

The Group continued to gain wide recognition from the industry and capital market based on its forward-looking and long-term strategy and the adoption of share award scheme (long-term partnership mechanism) for co-creating value, and sustainable development. This partnership scheme is a 15 year long-term plan, which will purchase stocks directly from secondary market, with strict appraisal system and attractive motivation scheme. This partnership scheme will attract industry professionals and motivate management team to deliver satisfactory results for both company and investors. According to the latest Environmental, Social and Governance ("ESG") Rating Report published by a renowned index compiler, Morgan Stanley Capital International (MSCI), on 30 July 2020, the Group was rated "BB". The Group also obtained the "Outstanding ESG performance of Chinese Real Estate Enterprises in 2020" award (presented by Top 10 Chinese Real Estate Research Team). By developing a comprehensive ESG management system, promoting energy conservation and emission reduction actively and creating healthy residential living cities, the Group aims to be a corporate citizen highly recognized by its customers, employees, partners and the community.

In terms of brand building and corporate awards, the Group ranked No.18 in the “Top 200 Chinese Real Estate Enterprises in 2020 (Comprehensive Strength)” owing to its robust comprehensive strength. The Company also ranked No. 3 in the “Top 100 Chinese Real Estate Enterprises in 2020 — Top 10 in Profitability”. In addition, Logan Group ranked 773 in Forbes’ “Top 2000 Listed Companies in the World”, leaping 184 places from 2019. During the period, Logan Group was once again selected in Fortune China 500 List, leaping to No.184.

Logan Group is also highly recognized by the capital market and has been highly recommended by a number of renowned global investment banks such as Citibank, UBS, CICC, Nomura Securities, Haitong Securities, Huatai Securities, CCBI, and BOCOM International. Meanwhile, Logan Group’s healthy financial position and overall strengths were highly recognized by both domestic and overseas rating agencies. Currently, Logan Group is a constituent stock of the Hang Seng Composite LargeCap Index, Hang Seng Stock Connect Greater Bay Area Composite Index, Hang Seng High Dividend Yield Index, MSCI China All Shares Index and FTSE Shariah Global Equity Index. The Group is rated “BB”, “BB” and “Ba3” in ratings by international authoritative agencies, including Standard & Poor’s, Fitch and Moody’s, respectively. Lianhe Ratings Global Limited and China Chengxin (Asia Pacific) Credit Ratings Company Limited rated the Group as “BBB-” in foreign investment ratings. A wholly-owned subsidiary of the Company, Shenzhen Logan Holdings Co., Ltd. is rated “AAA” in credit ratings by China Cheng Xin International Credit Rating Co., Ltd. and United Credit Rating Co., Ltd..

### **Acknowledgements**

On behalf of the Board, I express my heartfelt gratitude to all our shareholders, investors, partners, customers, and the community for their support and trust. Thanks to the guidance given from the management of the Company, together with the efforts and contributions from all staff, the Group has successfully maintained its stable development. In the future, the Company will ensure transparency, health and impartiality, and continue to strive for sustainable and high-quality growth.

**Kei Hoi Pang**

*Chairman*

Hong Kong

21 August 2020

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overall Review

For the six-month period ended 30 June 2020, the revenue of the Group was RMB31,035.0 million, representing an increase of approximately 14.9% as compared with the corresponding period of 2019. The gross profit was RMB10,934.4 million, representing an increase of approximately 16.4% as compared with the corresponding period of 2019. Net profit attributable to owners of parent was RMB6,157.5 million, representing an increase of approximately 20.1% as compared with the corresponding period of 2019. Core profit amounted to RMB5,462.0 million, having increased by approximately 16.9% as compared with the corresponding period of 2019. Basic earnings per share was RMB110.28 cents (the corresponding period of 2019: RMB91.87 cents). As at 30 June 2020, the net debt-to-equity ratio of the Group was 68.3%.

#### Property Development

##### *Contracted sales*

In the first half of 2020, the Company continued to utilize its market advantages in the Guangdong-Hong Kong-Macao Greater Bay Area (“**Greater Bay Area**”) and achieved satisfactory sales performance. For the period ended 30 June 2020, the Group attained attributable contracted sales of approximately RMB46,354.4 million, representing an increase of approximately 12.1% as compared with the corresponding period of 2019. For the contracted sales in the first half of 2020, Shenzhen region, other regions of Greater Bay Area, Southwest China city-cluster, Yangtze River Delta Region metropolitan area, Singapore and other regions accounted for approximately 8.4%, 51.7%, 22.3%, 3.7%, 3.5% and 10.4%, respectively. The contracted sales were mainly generated from Greater Bay Area and Southwest China city-cluster. For Shenzhen region, the contracted sales were mainly generated from Logan • Acesite Park (龍光•玖龍台) erected on the Phoenix City subway station (鳳凰城站) at the Shenzhen’s subway line 6, in Shenzhen Guangming New District and Logan • Acesite Glory Mansion (龍光•玖譽府) in Shenzhen Longhua District. The contracted sales from Southwest China city-cluster were mainly contributed by projects including Sirius (南寧天曜)及TianYing (南寧天瀛). In the second half of 2020, the key projects to be launched by the Company include Shenzhen Logan • Acescene Park (龍光•玖悦台) and Dongguan Jiangnan Royal City (江南大境), Foshan Acesite Park (佛山玖龍台), Foshan Acesite Mansion (佛山玖龍璽) and Zhuhai Ace Prestige Bay (珠海玖譽灣).

It is expected that such projects will bring encouraging sales performance to the Group. Since the land cost of such project lands is relatively low, the selling prices are in line with the Group's expectation, therefore bringing significant revenue and profit to the Group in the future.

Region	Attributable contracted sales in the first half of 2020				
	Amount (RMB million)	Percentage	Total GFA <sup>1</sup> (sq.m.)	Percentage	ASP <sup>1</sup> (RMB/ sq.m.)
Greater Bay Area	27,854.08	60.1%	1,512,547	49.7%	18,277
Southwest China city-cluster	10,317.38	22.3%	931,673	30.6%	10,765
Yangtze River Delta Region metropolitan area	1,723.56	3.7%	98,164	3.2%	17,327
Singapore	1,620.98	3.5%	18,644	0.6%	86,943
Other regions	4,838.39	10.4%	482,386	15.9%	9,557
Total	<u>46,354.39</u>	<u>100%</u>	<u>3,043,415</u>	<u>100%</u>	<u>14,985</u>

*Note:*

1. Excluding car parking spaces

### ***Newly commenced projects***

As at 30 June 2020, the Group commenced construction of a total of 38 projects or new project phases with a total planned GFA of approximately 5.8 million sq.m..

### ***Completed projects***

As at 30 June 2020, the Group completed 29 projects or project phases with a total planned GFA of approximately 3.0 million sq.m..

### ***Developing projects***

As at 30 June 2020, the Group had a total of 118 projects or project phases under construction with a total planned GFA of approximately 24.2 million sq.m..

### ***Investment properties***

As at 30 June 2020, the Group had 38 investment properties with a total GFA of approximately 774,591 sq.m.. Among those investment property portfolios, 34 investment properties with a total GFA of approximately 543,918 sq.m. have been completed, and the remaining 4 are still under development.

## ***Land Reserves***

For the six months ended 30 June 2020, the Group acquired 17 new projects through public tendering, auction and listing with a total GFA of 2,955,896 sq.m..

### **List of newly acquired projects through public tendering, auction and listing in the first half of 2020**

<b>Region</b>	<b>Site area (sq.m.)</b>	<b>Total GFA (sq.m.)</b>
Shenzhen	31,745	260,976
Huizhou	101,054	374,687
Foshan	100,075	401,305
Guangzhou	83,194	144,020
<b>Guangdong- Hong Kong-Macao Greater Bay Area</b>	316,068	1,180,988
<b>Southwest China city-cluster</b>	386,904	1,026,495
<b>Yangtze River Delta Region metropolitan area</b>	64,746	140,277
<b>Other Regions</b>	132,614	608,136
<b>Total</b>	<b>900,332</b>	<b>2,955,896</b>

As at 30 June 2020, the total GFA of the land reserves of the Group amounted to approximately 39,200,198 sq.m., the average cost of land reserves was RMB4,518 per sq.m., in which Guangdong-Hong Kong-Macao Greater Bay Area accounted for about 70%, if calculated by land value.

## Land reserves as at 30 June 2020

	GFA (sq.m.)	Percentage
Shenzhen	1,201,570	3.1%
Huizhou/Dongguan	7,447,563	19.0%
Guangzhou/Foshan/Zhaoqing	7,511,077	19.2%
Zhuhai/Zhongshan	3,480,789	8.9%
Hong Kong	41,805	0.1%
Heyuan/Yangjiang/Qingyuan/Jiangmen	3,339,810	8.5%
 Guangdong-Hong Kong-Macao Greater Bay Area	 23,022,614	 58.8%
Southwest China city-cluster	10,350,783	26.4%
Yangtze River Delta Region metropolitan area	977,939	2.5%
Singapore	131,423	0.3%
Other Regions	4,717,440	12.0%
 Total	 39,200,198	 100.0%
 Land cost ( <i>RMB per sq.m.</i> )	 4,518	

### PROSPECTS

The Group is strategically positioned as “an integrated urban service provider”, focusing on four major business segments of “residential housing development, urban redevelopment, commercial operations and industrial operations”. Owing to its abundant and high-quality land bank, standardized product pipelines and proven cross-regional execution, the Group will continue to deepen efforts to complete its national layout in Greater Bay Area, Yangtze River Delta Region metropolitan area, southwest China and central China city-clusters. Leveraging on the competitive advantages of the urban redevelopment business, the Group will be able to turn commercial operations business and industry operations business into its long-term revenue drivers, and continue to create long-term growing value for the investors.

Also, given the accelerating market share concentration trend in the property industry, more mergers and acquisitions opportunities will arise in the property market in China. By utilizing its extensive operational experience in the real estate industry in China, the Group will actively seize opportunities of land acquisitions in the future, seek for more mergers and acquisitions targets, and increase the Group's premium land banks through multiple channels, thereby locking in more high-return projects at the lowest costs. The Group will also accelerate sales cycle and strive to enhance the overall product competitiveness of different projects. The Group will continue to uphold the tenet that "quality builds a brand" and incessantly strengthen its market competitiveness and penetration, so as to become an integrated urban service provider.

## FINANCIAL REVIEW

### Performance Highlights

	For the six-month period ended 30 June		
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	Changes %
<b>Revenue</b>	<b>31,034,969</b>	27,021,708	14.9
Among which: sales of properties			
— Revenue from properties delivered	<b>20,616,843</b>	16,226,129	27.1
— GFA of properties delivered ( <i>sq.m.</i> ) <sup>1</sup>	<b>1,265,658</b>	892,623	41.8
— ASP of properties delivered <sup>1</sup> ( <i>RMB/sq.m.</i> )	<b>17,137</b>	19,655	-12.8
Property leasing	<b>68,431</b>	70,679	-3.2
Construction and decoration income	<b>4,349,695</b>	5,824,900	-25.3
Urban redevelopment business income	<b>6,000,000</b>	4,900,000	22.4
<b>Gross profit</b>	<b>10,934,351</b>	9,392,398	16.4
<b>Profit for the period</b>			
— Attributable to owners of the parent	<b>6,157,484</b>	5,128,402	20.1
— Attributable to non-controlling interests	<b>127,567</b>	161,959	-21.2
— Total	<b>6,285,051</b>	5,290,361	18.8
<b>Core Profit<sup>(1)</sup></b>			
— Attributable to owners of the parent	<b>5,334,395</b>	4,509,829	18.3
— Attributable to non-controlling interests	<b>127,567</b>	161,672	-21.1
— Total	<b>5,461,962</b>	4,671,501	16.9

	<b>30 June 2020</b>	31 December 2019	Changes
	<b><i>RMB'000</i></b>	<i>RMB'000</i>	%
<b>Total assets</b>	<b>240,217,297</b>	206,010,125	16.6
<b>Cash and bank balances</b>	<b>41,904,036</b>	40,705,113	2.9
<b>Total bank and other borrowings<sup>2</sup></b>	<b>77,577,952</b>	69,677,556	11.3
<b>Total equity</b>	<b>52,223,384</b>	42,994,019	21.5
<b>Total equity attributable to owners of the parent</b>	<b>37,569,901</b>	34,194,419	9.9

### Key financial ratios

Gross profit margin <sup>(2)</sup>	<b>35.2%</b>	34.8%
Core profit margin <sup>(3)</sup>	<b>17.6%</b>	17.3%
Net debt-to-equity ratio <sup>(4)</sup>	<b>68.3%</b>	67.4%
Liability to asset ratio <sup>(5)</sup>	<b>78.3%</b>	79.1%

#### Notes:

1. Excluding the GFA attributable to the car parking spaces.
2. Including bank and other loans, senior notes and corporate bonds.
- (1) Core profit: Net profit, adjusted to changes in fair value of investment properties and derivative financial instruments and the relevant deferred tax
- (2) Gross profit margin:  $\text{Gross profit} \div \text{revenue} * 100\%$
- (3) Core profit margin:  $\text{Core profit} \div \text{revenue} * 100\%$
- (4) Net debt-to-equity ratio:  $(\text{Total bank and other borrowings} - \text{cash and bank balances}) \div \text{total equity} * 100\%$
- (5) Liability to asset ratio:  $\text{Total liabilities} \div \text{total assets} * 100\%$

## Revenue from Sales of Properties

For the six-month period ended 30 June 2020, the revenue from sales of properties amounted to approximately RMB20,616.8 million, representing an increase of approximately 27.1% as compared with the revenue from sales of properties of approximately RMB16,226.1 million in the corresponding period of 2019. Area delivered (excluding car parking spaces) increased by 41.8% to 1,265,658 sq.m. for the six-month period ended 30 June 2020 from 892,623 sq.m. in the corresponding period of 2019. Shenzhen region, other regions of Greater Bay Area<sup>2</sup>, Southwest China city-cluster, Yangtze River Delta Region metropolitan area and Singapore contributed to the revenue from sales of properties before deduction of sales related taxes in the first half of 2020, accounting for approximately 22.4%, 47.0%, 20.8%, 8.3% and 1.5%, respectively.

Region	Revenue from sales of properties in the first half of 2020				
	Amount (RMB million)	Percentage	Total GFA <sup>1</sup> (sq.m.)	Percentage	ASP <sup>1</sup> (RMB/ sq.m.)
Shenzhen region	4,645	22.4%	90,283	7.1%	55,348
Other regions of Greater Bay Area <sup>2</sup>	9,737	47.0%	647,899	51.2%	15,754
Southwest China city-cluster	4,313	20.8%	422,964	33.4%	10,937
Yangtze River Delta Region metropolitan area	1,725	8.3%	88,602	7.0%	20,573
Singapore	315	1.5%	15,911	1.3%	19,798
Total	20,735	100.0%	1,265,658	100%	15,978
Less: Sales related taxes	118				
Revenue from sale of properties	<u>20,617</u>				

### Notes:

1. Excluding the GFA attributable to the car parking spaces
2. Excluding Shenzhen region

(I) Revenue

Revenue of the Group for the six-month period ended 30 June 2020 amounted to approximately RMB31,035.0 million, representing an increase of approximately RMB4,013.3 million, or approximately 14.9%, as compared with the corresponding period of 2019, primarily due to the increase in revenue from sales of properties and revenue from urban redevelopment business as compared with the corresponding period of 2019. Revenue from sales of properties for the six-month period ended 30 June 2020 amounted to approximately RMB20,616.8 million, representing an increase of approximately 27.1% as compared with approximately RMB16,226.1 million in the corresponding period of 2019.

Details of the revenue from sales of properties by project are as follows:

Project name	For the six-month period ended 30 June			
	2020		2019	
	Area <sup>(1)</sup> (sq.m.)	Amount <sup>(2)</sup> (RMB'000)	Area <sup>(1)</sup> (sq.m.)	Amount <sup>(2)</sup> (RMB'000)
Shenzhen Acesite Park (深圳玖龍台)	78,742	3,866,418	178,884	7,838,669
Nanning Acesite Park (南寧玖龍台)	194,322	2,109,594	—	—
Zhuhai Acesite Mansion (珠海玖龍璽)	61,299	2,071,389	—	—
Huizhou Acesite Park (惠州玖龍府)	151,521	1,753,042	—	—
Huizhou Logan City (惠州龍光城)	87,825	1,187,768	149,047	2,446,517
Huizhou Acesite Bay (惠州玖龍灣)	95,034	1,141,550	—	—
Nanning Ace Prestige Castle (南寧玖譽府)	98,612	907,254	—	—
Dongguan Humen Acesite Mansion (東莞虎門玖龍璽)	40,574	902,385	—	—
Huizhou Heaven Garden (惠州天禧)	84,563	728,554	—	—
Chengdu Xinjin Acesite Park (成都新津玖龍府)	66,630	644,655	—	—
Jiashan Jiaxing Ace Prestige Bay (嘉善嘉興玖譽灣)	31,061	632,738	—	—
Jiashan Jiaxing Acesite Park (嘉善嘉興玖龍府)	31,263	561,971	—	—
Suzhou Ace Prestige Bay (蘇州玖譽灣)	26,278	529,973	—	—
Shenzhen Carat Complex (深圳玖鑽)	9,064	476,802	19,097	1,087,492
Chaozhou Sunshine Waterfront (潮州陽光水岸)	36,338	417,473	—	—
Foshan Logan Country Garden Joy Park (佛山龍光碧桂園悅府)	43,717	384,412	—	—
Liuzhou Acesite Park (柳州玖龍府)	36,415	316,474	—	—
Singapore The Florence Residence (新加坡悅湖苑)	15,911	315,209	366	28,783
Shenzhen Acesite Mansion (深圳玖龍璽)	2,477	301,640	216	14,830
Foshan Dragon Castle/Riverine View Castle (佛山龍灣華府/望江府)	3,282	271,796	71,252	838,090
Zhaoqing Acesite Lake (肇慶玖龍湖)	3,964	192,820	—	—
Shantou Sea & Sunshine (汕頭碧海陽光)	5,293	179,186	4,631	54,796
Zhongshan Acesite Bay (中山玖龍灣)	19,144	174,202	—	—
Huizhou Acesite Mount (惠州玖龍山)	7,789	152,573	—	—

Project name	For the six-month period ended 30 June			
	2020		2019	
	Area <sup>(1)</sup> (sq.m.)	Amount <sup>(2)</sup> (RMB'000)	Area <sup>(1)</sup> (sq.m.)	Amount <sup>(2)</sup> (RMB'000)
Nanning Logan Century (南寧龍光世紀)	6,759	118,425	—	1,764
Shantou Royal & Seaward Heaven Garden (汕頭御海天禧花園)	2,682	72,824	11,673	204,702
Nanning Masterpiece (南寧玖雲著)	7,402	64,118	—	—
Fangchenggang Sunshine Seaward (防城港陽光海岸)	5,551	51,038	152,904	876,877
Guilin Provence (桂林普羅旺斯)	3,615	33,558	62,183	404,739
Nanning Acesite Lake (南寧玖龍湖)	2,510	30,088	—	—
Zhuhai Acesite Bay (珠海玖龍灣)	709	25,747	16,467	531,629
Shantou Sunshine Jubilee Garden (汕頭陽光禧園)	2,642	21,680	92,664	782,557
Nanning Acesite Park (南寧玖龍府)	891	15,574	90,269	746,758
Shantou Golden Sunshine Joy Park (汕頭金色陽光悅府)	668	12,088	—	—
Chengdu Joy Residence (成都君悅華庭)	—	11,640	135	11,663
Zhuhai Acesite Park (珠海玖龍府)	352	11,586	1,243	24,035
Shantou Royal & Seaward Jubilee Garden (汕頭御海禧園)	—	9,722	127	5,640
Foshan Grand Garden (佛山水悅熙園)	—	5,537	—	9,149
Shantou Grand Sunshine Castle (汕頭錦繡陽光御府)	383	3,844	—	—
Dongguan Imperial Summit Sky Villa (東莞君御旗峰)	—	3,596	—	5,748
Nanning Grand Riverside Bay (南寧水悅龍灣)	79	3,249	—	23,307
Chengdu Sky Palace (成都天悅龍庭)	—	3,067	—	3,017
Shantou Flying Dragon Landscape (汕頭龍騰嘉園)	—	2,956	—	11,114
Guangzhou Landscape Residence (廣州峰景華庭)	—	2,428	322	10,560
Nanning Joy Residence (南寧君悅華庭)	178	2,326	—	8,857
Foshan Joy Palace (佛山君悅龍庭)	—	1,846	—	2,938
Nanning Provence (南寧普羅旺斯)	—	1,750	—	16,902
Foshan Grand Joy Castle (佛山君悅華府)	—	1,684	—	2,365
Foshan Sky Lake Castle (佛山天湖華府)	—	1,327	230	9,385
Zhongshan Acesite Park (中山玖龍府)	119	1,180	—	—
Shantou Seaward Sunshine (汕頭尚海陽光)	—	999	—	654
Guangzhou Palm Waterfront (廣州棕櫚水岸)	—	663	—	—
Nanning Royal Castle (南寧君御華府)	—	308	—	3,281
Hainan Sea and City (海南海雲天)	—	228	181	4,549
Foshan Grand Riverside Bay (佛山水悅龍灣)	—	140	383	10,245
Nanning Sunshine Royal Lake (南寧御湖陽光)	—	—	33,104	288,069
Zhongshan Royal & Seaward Sunshine Palace Garden (中山御海陽光花園)	—	—	6,196	56,539
Foshan Shin Street Building (佛山尚街大廈)	—	—	676	6,707

Project name	For the six-month period ended 30 June			
	2020		2019	
	Area <sup>(1)</sup> (sq.m.)	Amount <sup>(2)</sup> (RMB'000)	Area <sup>(1)</sup> (sq.m.)	Amount <sup>(2)</sup> (RMB'000)
Huizhou Grand Riverside Bay (惠州水悦龍灣)	—	—	—	4,129
Shantou Sunshine Castle (汕頭陽光華府)	—	—	160	2,208
Zhongshan Ocean Garden (中山海悦熙園)	—	—	213	1,495
Huizhou Sky Palace (惠州天悦龍庭)	—	—	—	872
Zhongshan Grand Joy Garden (中山水悦馨園)	—	—	—	229
Total	<u>1,265,658</u>	<u>20,735,094</u>	<u>892,623</u>	<u>16,381,860</u>
Less: sales related taxes		<u>(118,251)</u>		<u>(155,731)</u>
Revenue from sales of properties		<u>20,616,843</u>		<u>16,226,129</u>

*Notes:*

1. Excluding the GFA attributable to the car parking spaces.
2. Including revenue from sales of car parking spaces.

*(II) Cost of sales*

The cost of sales of the Group increased by approximately RMB2,471.3 million, or approximately 14.0%, as compared with the corresponding period of 2019, primarily due to the expansion of business scale as compared with the corresponding period of 2019. Key components of costs are as follows:

	For the six-month period ended 30 June		
	2020	2019	Changes
	RMB'000	RMB'000	%
Total cost of sales	<b>20,100,618</b>	17,629,310	14.0
— Sales of properties	<b>14,817,221</b>	11,454,606	29.4
— Construction and decoration	<b>3,482,728</b>	4,266,729	-18.4
— Property leasing	<b>15,240</b>	5,800	162.8
— Urban redevelopment business	<b>1,785,429</b>	1,902,175	-6.1

### *(III) Selling and marketing expenses and administrative expenses*

The selling and marketing expenses of the Group for the six-month period ended 30 June 2020 amounted to approximately RMB664.9 million (the corresponding period of 2019 was approximately RMB684.9 million). The relevant selling and marketing expenses decreased by approximately 2.9% as compared with the corresponding period of 2019.

The administrative expenses of the Group for the six-month period ended 30 June 2020 amounted to approximately RMB813.1 million (the corresponding period of 2019 was approximately RMB627.1 million), representing an increase of approximately 29.7% as compared with the corresponding period of 2019. The increase was primarily due to the increase in staff costs.

### *(IV) Profit from operations*

The profit from operations of the Group for the six-month period ended 30 June 2020 increased by RMB1,009.3 million to approximately RMB11,193.0 million (the corresponding period of 2019: approximately RMB10,183.7 million). It was mainly due to increase in gross profit of approximately RMB1,542.0 and increase in fair value of investment properties and of derivative financial instruments of approximately RMB271.6 million and partly offset by increase in administrative expenses of approximately RMB186.0 million and increase in share of losses of joint ventures of approximately RMB254.2 million.

### *(V) Finance costs*

The net finance costs of the Group for the six-month period ended 30 June 2020 increased to approximately RMB943.8 million (the corresponding period of 2019 was approximately RMB826.3 million), primarily due to the increase in scales of bank and other borrowings. The average interest rate for new borrowings was 5.45% per annum and weighted average borrowing interest rate was 5.95% per annum.

### *(VI) Tax*

Taxes of the Group for the six-month period ended 30 June 2020 included corporate income tax (“CIT”) and land appreciation tax (“LAT”). Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB3,161.6 million and RMB802.6 million, respectively (the corresponding period of 2019: approximately RMB2,994.1 million and RMB1,072.9 million).

*(VII) Core profit*

The core profit of the Group for the six-month period ended 30 June 2020 amounted to approximately RMB5,462.0 million, representing an increase of approximately RMB790.5 million or 16.9% as compared with the corresponding period of 2019. The core profit margin of the Group for the six-month period ended 30 June 2020 was approximately 17.6% (the corresponding period of 2019 was approximately 17.3%).

*(VIII) Liquidity and financial resources*

As at 30 June 2020, total assets of the Group amounted to approximately RMB240,217.3 million (31 December 2019: approximately RMB206,010.1 million), of which current assets amounted to approximately RMB193,333.3 million (31 December 2019: approximately RMB159,224.5 million). Total liabilities amounted to approximately RMB187,993.9 million (31 December 2019: approximately RMB163,016.1 million), of which non-current liabilities amounted to approximately RMB50,456.8 million (31 December 2019: approximately RMB43,919.0 million). Total equity amounted to approximately RMB52,223.4 million (31 December 2019: approximately RMB42,994.0 million), of which total equity attributable to owners of the parent amounted to RMB37,569.9 million (31 December 2019: approximately RMB34,194.4 million).

As at 30 June 2020, the Group had cash and bank balances of approximately RMB41,904.0 million (31 December 2019: approximately RMB40,705.1 million) and total bank and other borrowings of approximately RMB77,578.0 million (31 December 2019: approximately RMB69,677.6 million). As at 30 June 2020, certain of the Group's bank and other loans are secured by the Group's equity interests in certain subsidiaries, bank deposits, land and buildings, investment properties, properties held for development for sale, properties under development for sale and completed properties for sale and other receivables.

*(IX) Financing activities*

For the six-month period ended 30 June 2020, the Group successfully issued two tranches of senior notes of US\$480,000,000. The first tranche of senior notes amounted to US\$300,000,000, with a coupon rate of 5.75% and a maturity date on 14 January 2025. The second tranche of senior notes amounted to US\$180,000,000, with the issuance rate of 5.4% and a coupon rate of 6.9%, and a maturity date on 9 June 2024.

Also, for the six-month period ended 30 June 2020, Shenzhen Logan, a subsidiary of the Group in the PRC, had issued domestic corporate bonds with total principal amount of RMB2.5 billion, with the coupon rate from 4.69% to 4.8%.

## CORPORATE GOVERNANCE AND EMPLOYEE MOTIVATION

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

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

During the six months ended 30 June 2020, the Company repurchased from the market a total of 3,746,000 shares of the Company (the "Shares"). All the Shares repurchased have been cancelled. Details of the repurchases of the Shares are as follows:

<b>Date of Repurchase</b>	<b>Number of Shares Repurchased</b>	<b>Highest price per share (HK\$)</b>	<b>Lowest price per share (HK\$)</b>	<b>Aggregate consideration (HK\$)</b>
14 January 2020	500,000	12.74	12.66	6,349,480
15 January 2020	500,000	13.04	12.88	6,478,100
16 January 2020	46,000	13.28	13.22	609,679
20 January 2020	1,200,000	13.60	13.34	16,135,480
21 January 2020	500,000	12.88	12.82	6,426,680
23 January 2020	500,000	13.08	12.94	6,515,760
24 January 2020	500,000	13.20	12.82	6,522,840

Save as disclosed above and elsewhere in this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and enhance corporate value. The Company's corporate governance practices are based on the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company has applied the principles and complied with all the applicable code provisions as set out in the CG Code throughout the six months ended 30 June 2020.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The audit committee of the Company has reviewed, with no disagreement, with the Company's management, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the 2020 interim results announcement and the unaudited interim financial information of the Group for the six months ended 30 June 2020.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries, the Company confirmed that all the directors have complied with the required standard set out in the Model Code during the six months ended 30 June 2020.

## **INTERIM DIVIDEND**

The Board declared an interim dividend in cash of HK43 cents per share for the six months ended 30 June 2020 (the "**Interim Dividend**") (six months ended 30 June 2019: HK38 cents per share).

The Interim Dividend will be paid on Monday, 30 November 2020 to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 18 November 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

To ascertain the shareholders' entitlement to the Interim Dividend, the register of members of the Company will be closed from Monday, 16 November 2020 to Wednesday, 18 November 2020, both days inclusive. In order to qualify for the Interim Dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 13 November 2020.

## **PUBLICATION OF INTERIM REPORT**

The 2020 interim report of the Company containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.logangroup.com>) in due course.

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

Hong Kong, 21 August 2020

*As at the date of this announcement, the executive directors of the Company are Mr. Kei Hoi Pang, Mr. Lai Zhuobin, Mr. Xiao Xu and Mr. Wu Jian; the non-executive director is Ms. Kei Perenna Hoi Ting; and the independent non-executive directors are Mr. Zhang Huaqiao, Ms. Liu Ka Ying, Rebecca and Mr. Cai Suisheng.*