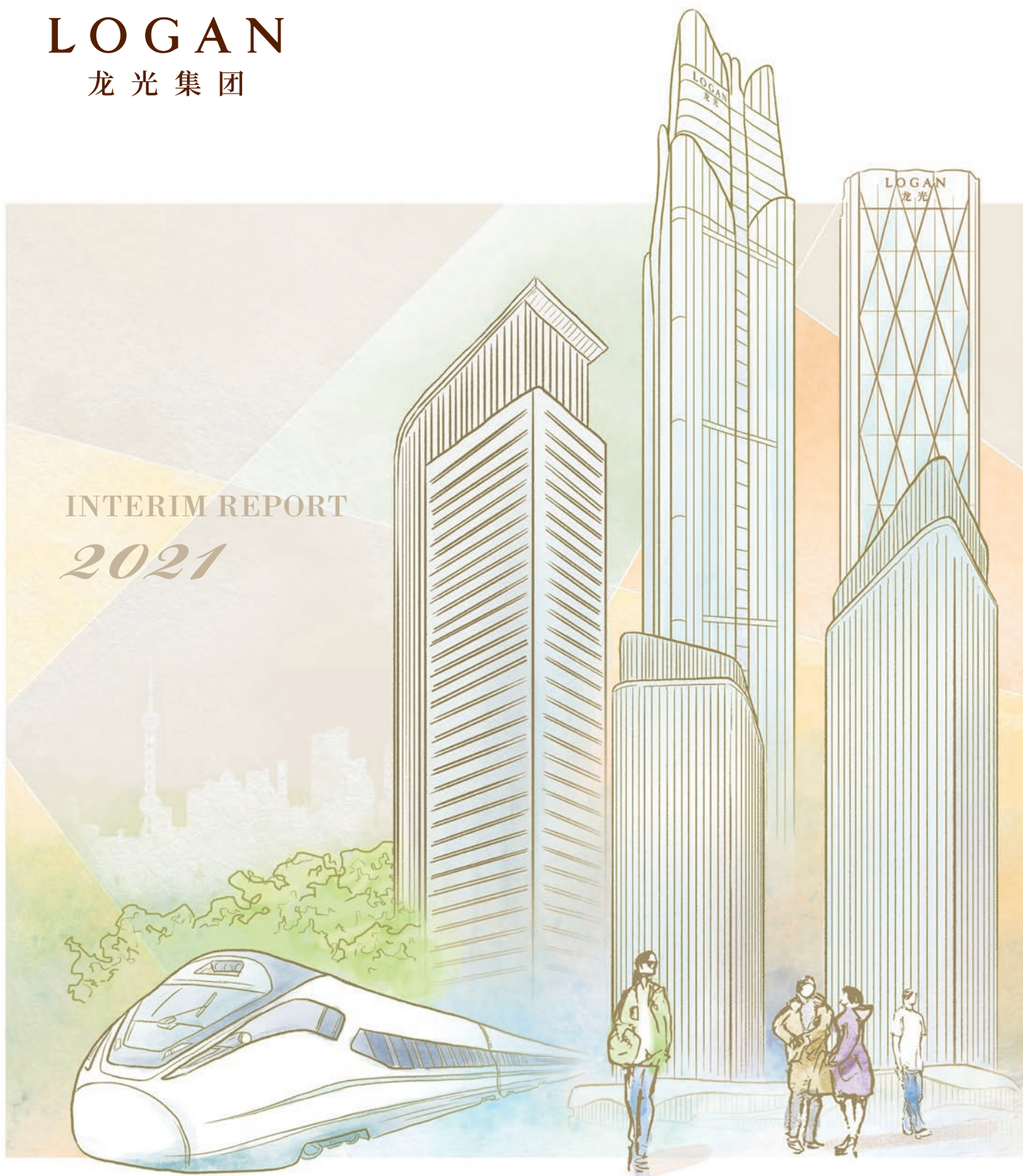


LOGAN

龙光集团

INTERIM REPORT

2021



LOGAN GROUP Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3380)

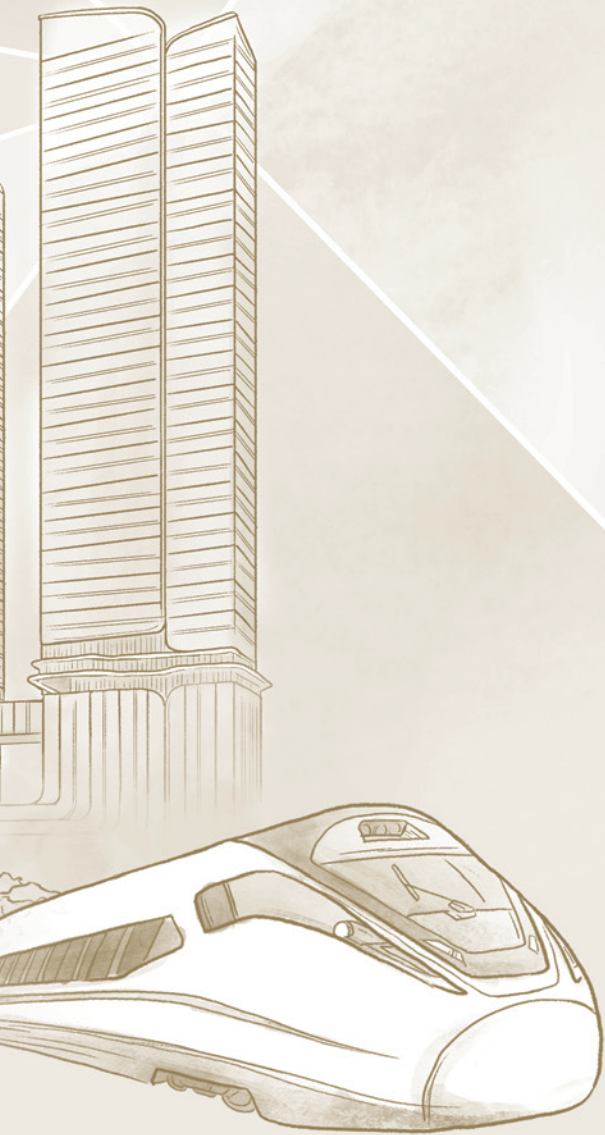


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CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Non-executive Director

Ms. Kei Perenna Hoi Ting (紀凱婷)

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Li Yan Wing, Rita

AUDITOR

Ernst & Young
*Certified Public Accountants and Registered
Public Interest Entity Auditor*

REGISTERED OFFICE

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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

COMPANY'S WEBSITE

<http://www.logangroup.com>

AUTHORIZED REPRESENTATIVES

Ms. Li Yan Wing, Rita
Ms. Kei Perenna Hoi Ting

PRINCIPAL SHARE REGISTRAR

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

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

Industrial and Commercial Bank of China (Asia) Limited

LISTING INFORMATION

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors of the Company (the "Board"), I hereby present the interim results of the Group for the six months ended 30 June 2021 (the "Period").

BUSINESS REVIEW

In the first half of 2021, the global novel coronavirus pandemic (COVID-19) continued to spread, but the global economy rebounded. Amidst complicated international conditions, the Central Government has coordinated the prevention and control of both the pandemic and the economic and social development, adhered to the main themes of supply side structural reform and economic structural optimization, continuing to foster growth in effective domestic demand with various vigorous measures. China's economy has maintained a steady and positive momentum with a year-on-year growth of 12.7% in GDP.

Owing to its abundant and premium land bank and strong strategic execution, the Group continued to deliver steady results and demonstrated its ability to break through economic cycles. For the six months ended 30 June 2021, the contracted sales attributable to the Group amounted to approximately RMB73.64 billion, representing an increase of approximately 58.9% as compared with the same period of last year. The Company is confident that the 2021 annual sales target can be achieved. The revenue recognized during the Period amounted to approximately RMB35.17 billion, representing an increase of approximately 13.3% as compared with the same period of last year. Gross profit amounted to approximately RMB9.47 billion, with a gross profit margin of 26.9%. Core profit attributable to owners of the Company amounted to RMB5.58 billion, remaining stable in profitability. The Board declared to pay an interim dividend of HK49 cents per share, which is equivalent to approximately 40% of the core profit attributable to owners of the Company.

The Group has always believed that a stable and prudent capital structure, and maintaining the "green line" status will build a solid foundation for its long-term sustainable development. The Group's international credit rating was confirmed as BB and the outlook was upgraded to positive by Fitch. In addition, the Group's international credit rating is upgraded to Ba2 by Moody's, demonstrating the high recognition of the development achievements of the Company by the capital market. The Group's average financing costs continued to decrease, as the average interest rate for new borrowings was 4.60% during the Period and weighted average borrowing interest rate was 5.40% at the end of the Period, the net debt-to-equity ratio was 60.8% during the Period. In the future, the Group will continue to explore and diversify cost-effective financing channels to ensure a sustainable and steady development of the Group.

During the Period, the Group continued to focus on China's most valuable core metropolis such as Guangdong-Hong Kong-Macau Greater Bay Area and Yangtze River Delta Region, and continued with a constant growth in sales, in particular that sales in the Yangtze River Delta Region increased by 215% period-on-period. The Group has a total land bank of 85.56 million sq.m., which was mainly located in first- and second-tier cities in Guangdong-Hong Kong-Macau Greater Bay Area and the Yangtze River Delta Region, ensuring the sustained and stable results of the Group in the future.

CHAIRMAN'S STATEMENT

Urban redevelopments serve as the main source of the Group's premium land bank with noticeable competitive strengths on differentiation. 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 Guangdong-Hong Kong-Macau Greater Bay Area. At the end of the Period, urban redevelopment business covers 11 cities, which mainly located in the core cities of the Guangdong-Hong Kong-Macau Greater Bay Area.

The product competitiveness of the Group continued to improve. During the Period, each of Logan • Carat Complex (龍光 • 玖鑽) in Shenzhen and Logan • The Chosen One (龍光 • 錦麟玖璽) in Nanning was selected as a Platinum Winner of the internationally acknowledged MUSE Design Awards, and Logan Polaris Palace (嘉善龍光 • 玖宸佳苑) was selected as a Gold Winner of MUSE Design Awards. With innovation in design, each of the three projects, namely Logan • Acesite Park (龍光 • 玖龍臺) in Shenzhen, Logan • Acescene Park (龍光 • 玖悅臺) in Shenzhen, Logan Polaris Palace (嘉善龍光 • 玖宸佳苑), was selected as a 2020 Winner of the Outstanding Property Award London (OPAL) in terms of Architecture Design.

The Group has continued to implement its position as "city's comprehensive service provider", under which it synchronizes its own development with city development, advances with the times, and collaborates with its customers, partners, investors and other stakeholders to promote ESG strategies and fulfill corporate citizenship responsibilities. The Group has put full effort in product quality, corporate governance, green development, charitable investment, employee care and other aspects to continuously improve environmental protection, social responsibility and governance standards, and continue to improve its sustainable development strategy. In July 2021, the Group successfully issued US\$300,000,000 of green senior notes for the first time. The total charitable donations of the Group ranked 9th in the 2021 China Charity Enterprises Ranking (guided by the Ministry of Civil Affairs and organised by China Philanthropy Times), which were mainly used for donations for education, poverty alleviation, and the prevention and control of COVID-19.

In terms of brand building and corporate awards, the Group ranked 748th in Forbes' "Top 2000 Listed Companies in the World" in 2021, which was 25 places higher than that in the previous year. The Group has also won the Top 10 Profitability Enterprises at the 18th (2021) Blue Chip Annual Conference, and the "Top 10 in terms of Investment Value" awarded by EH Consulting (億翰智庫) and other awards. In August 2021, the Group was selected into Hang Seng ESG 50 index, its sustainable development outcomes were recognised by international capital market.

The Group has been highly recognized by the capital market and highly recommended by a number of renowned global investment banks such as Citibank, UBS, CICC, BofA Securities, DBS Bank, Haitong International and CCBI. Meanwhile, the Group's healthy financial position and overall strengths have also been highly recognized by both domestic and overseas rating agencies. Currently, the 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, Hang Seng Dividend Yield Select Index, MSCI China All Shares Index and FTSE Shariah Global Equity Index. The Group is rated "BB" (positive outlook), "BB" (stable outlook) and "Ba2" (stable outlook) in ratings by international authoritative agencies, Fitch, Standard & Poor's 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 China Lianhe Credit Rating Co., Ltd.

CHAIRMAN'S STATEMENT

FUTURE PROSPECTS

The Group will continue to strengthen and enhance its position as “city’s comprehensive service provider”, and insist its regional penetration strategy. The Group has established a comprehensive business model in the property industry chain to meet urban residents’ demand in different aspects. Owing to its abundant and high-quality land bank, and proven cross-regional strategic execution, the Group will continue to strengthen its effort to complete its national layout in the Guangdong-Hong Kong-Macau Greater Bay Area, Yangtze River Delta Region metropolitan area, southwest China and central China city-clusters. Leveraging on the competitive advantages on differentiation of the urban redevelopment business, the Group will be able to foster diversified revenue stream to continue creating long-term value for its investors.

The Group has adopted a performance-linked share award scheme for professional trust management with a validity period of 15 years, with the total number of award shares representing up to 3% of the Company’s total issued shares. The promulgation of the scheme will help to attract, motivate, and retain core outstanding talents, while consolidating the shared value mechanism co-founded by career managers, enhance our core competitive strength and advance our long-term sustainability development.

Given the accelerating market share concentration trend in the real estate industry, by utilizing its extensive operational experience in the real estate industry, the Group will actively seize opportunities of land acquisitions in the future, diversify and increase the Group’s premium land banks, strive to enhance the overall product competitiveness of different projects, and incessantly strengthen its market competitiveness and penetration, so as to become a leading comprehensive service provider.

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 from the management, together with the efforts and contributions from all staff, the Group has successfully maintained its stable development. The Group will continue to strive for quality, sustainable and steady growth by following transparent, healthy and impartial development value.

Kei Hoi Pang

Chairman

Hong Kong

26 August 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overall Review

For the six-month period ended 30 June 2021, the revenue of the Group was RMB35,165.3 million, representing an increase of approximately 13.3% as compared with the corresponding period of 2020. The gross profit was RMB9,465.2 million. Net profit attributable to owners of parent was RMB6,181.9 million, representing an increase of approximately 0.4% as compared with the corresponding period of 2020. Core profit amounted to RMB5,855.1 million, having increased by approximately 7.2% as compared with the corresponding period of 2020. Basic earnings per share was RMB112.13 cents (the corresponding period of 2020: RMB110.28 cents). As at 30 June 2021, the net debt-to-equity ratio of the Group was 60.8%.

Property Development

Contracted sales

In the first half of 2021, the Company continued to utilize its market advantages in the Greater Bay Area and Yangtze River Delta Region and achieved satisfactory sales performance. For the period ended 30 June 2021, the Group attained attributable contracted sales of approximately RMB73,636.7 million, representing an increase of approximately 58.9% as compared with the corresponding period of 2020. For the attributable contracted sales in the first half of 2021, Greater Bay Area, Southwest Region, Yangtze River Delta Region, Singapore and other regions accounted for approximately 64.3%, 12.3%, 7.4%, 1.8% and 14.2%, respectively. The contracted sales were mainly generated from Greater Bay Area, Southwest Region and Yangtze River Delta Region. For Greater Bay Area, the contracted sales were mainly generated from Qianhai Project (前海天境) erected on the Qianhai Park at the Shenzhen's subway line 5, in Shenzhen Qianhai New District. In the second half of 2021, the key projects to be launched by the Group include Shenzhen Logan Headquarters Center (深圳龍光總部中心), Huizhou Logan City (惠州龍光城), Shanghai Lingang Project (上海臨港新城) and Shanghai Logan Tianjing (上海龍光天境).

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, and the targeted selling prices are in line with the Group's expectation, therefore such projects are expected to generate revenue to the Group in the future.

Attributable contracted sales in the first half of 2021

Region	Amount	Percentage	Total GFA ¹	Percentage	ASP ¹
	(RMB million)		(sq.m.)		(RMB/sq.m.)
Greater Bay Area	47,363	64.3%	1,897,311	48.6%	24,719
Southwest Region	9,045	12.3%	647,638	16.6%	13,737
Yangtze River Delta Region	5,423	7.4%	256,689	6.6%	20,699
Singapore	1,306	1.8%	14,482	0.4%	90,173
Other regions	10,500	14.2%	1,088,841	27.8%	9,343
Total	73,637	100%	3,904,961	100%	18,589

Note:

1. Excluding car parking spaces

MANAGEMENT DISCUSSION AND ANALYSIS

Newly commenced projects

In the first half of 2021, the Group commenced construction of a total of 33 projects or new project phases with a total planned GFA of approximately 5.6 million sq.m..

Completed projects

In the first half of 2021, the Group completed 24 projects or project phases with a total planned GFA of approximately 3.6 million sq.m..

Developing projects

As at 30 June 2021, the Group had a total of 119 projects or project phases under construction with a total planned GFA of approximately 26.2 million sq.m..

Land Reserves

For the six months ended 30 June 2021, the Group acquired 27 new projects through public tendering, auction and listing with a total attributable GFA of 3,633,354 sq.m..

List of newly acquired projects through public tendering, auction and listing in the first half of 2021

Region	Site area (sq.m.)	Total attributable GFA (sq.m.)
Shenzhen	31,552	428,982
Huizhou	27,646	57,706
Foshan	83,176	264,201
Zhuhai/Zhongshan/Jiangmen	94,132	253,879
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	236,506	1,004,768
Yangtze River Delta Region	721,104	1,435,839
Southwest Region	147,022	564,037
Central Region	117,495	150,161
Other Regions	148,292	478,549
Total	1,370,419	3,633,354

As at 30 June 2021, the total GFA of the land reserves of the Group amounted to approximately 85,557,351 sq.m., the average cost of land reserves was RMB5,382 per sq.m., in which Guangdong-Hong Kong-Macao Greater Bay Area and Yangtze River Delta Region accounted for about 85%, if calculated by land value.

MANAGEMENT DISCUSSION AND ANALYSIS

Land reserves as at 30 June 2021

	GFA (sq.m.)	Percentage
Shenzhen/Huizhou/Dongguan	24,374,369	28.5%
Guangzhou/Foshan/Zhaoqing	18,325,312	21.4%
Zhuhai/Zhongshan/Jiangmen	16,953,643	19.8%
Hong Kong	41,805	0.1%
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	59,695,129	69.8%
Southwest Region	13,810,931	16.1%
Yangtze River Delta Region	2,574,818	3.0%
Central Region	150,161	0.2%
Singapore	92,286	0.1%
Other Regions	9,234,026	10.8%
Total	85,557,351	100.0%
Land cost (RMB per sq.m.)	5,382	

FINANCIAL REVIEW

Performance Highlights

	For the six-month period ended 30 June		
	2021 RMB'000	2020 RMB'000	Changes %
Revenue	35,165,316	31,034,969	13.3
Among which: property development			
– Revenue from properties delivered	27,667,193	20,616,843	34.2
– GFA of properties delivered (sq.m.) ¹	1,823,474	1,265,658	44.1
– ASP of properties delivered ¹ (RMB/sq.m.)	15,119	17,137	-11.8
Development management income	4,499,570	4,349,695	3.4
Urban redevelopment business income	2,904,631	6,000,000	-51.6
Property operation income	93,922	68,431	37.3
Gross profit	9,465,200	10,934,351	-13.4
Profit for the period			
– Attributable to owners of the parent	6,181,928	6,157,484	0.4
– Attributable to non-controlling interests	318,500	127,567	149.7
– Total	6,500,428	6,285,051	3.4
Core Profit⁽¹⁾			
– Attributable to owners of the parent	5,581,560	5,334,395	4.6
– Attributable to non-controlling interests	273,500	127,567	114.4
– Total	5,855,060	5,461,962	7.2

MANAGEMENT DISCUSSION AND ANALYSIS

	30 June 2021 RMB'000	31 December 2020 RMB'000	Changes %
Total assets	289,795,263	243,513,648	19.0
Cash and bank balances	42,059,091	42,869,161	-1.9
Total bank and other borrowings²	85,053,998	80,138,483	6.1
Total equity	70,775,613	60,671,465	16.7
Total equity attributable to owners of the parent	45,556,087	42,403,234	7.4
Key financial ratios			
Gross profit margin ⁽²⁾	26.9%	30.0%	
Core profit margin ⁽³⁾	16.7%	17.4%	
Net debt-to-equity ratio ⁽⁴⁾	60.8%	61.4%	
Liability to asset ratio ⁽⁵⁾	69.0%	69.8%	

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, dividend withholding tax and equity-settled share option expenses
- (2) Gross profit margin: $\text{Gross profit} \div \text{revenue} \times 100\%$
- (3) Core profit margin: $\text{Core profit} \div \text{revenue} \times 100\%$
- (4) Net debt-to-equity ratio: $(\text{Total bank and other borrowings} - \text{cash and bank balances}) \div \text{total equity} \times 100\%$
- (5) Liability to asset ratio: $\text{Total liabilities deducting contract liabilities} \div \text{total assets deducting contract liabilities} \times 100\%$

Revenue from Property Development

For the six-month period ended 30 June 2021, the revenue from property development amounted to approximately RMB27,667.2 million, representing an increase of approximately 34.2% as compared with the revenue from property development of approximately RMB20,616.8 million in the corresponding period of 2020. Area delivered (excluding car parking spaces) increased by 44.1% to 1,823,474 sq.m. for the six-month period ended 30 June 2021 from 1,265,658 sq.m. in the corresponding period of 2020. Greater Bay Area, Southwest Region, Yangtze River Delta Region, Singapore and Other Regions contributed to the revenue from property development in the first half of 2021, accounting for approximately 65.6%, 15.3%, 7.4%, 4.3% and 7.4%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Region	Revenue from property development in the first half of 2021				
	Amount (RMB million)	Percentage	Total GFA	Percentage	ASP (RMB/sq.m.)
Greater Bay Area	18,160	65.6%	1,070,134	58.7%	16,851
Southwest Region	4,235	15.3%	416,567	22.8%	10,149
Yangtze River Delta Region	2,046	7.4%	131,692	7.2%	15,342
Singapore	1,190	4.3%	15,034	0.8%	79,185
Other Regions	2,036	7.4%	190,047	10.5%	11,031
Total	27,667	100%	1,823,474	100%	

Note:

1. Excluding the GFA attributable to the car parking spaces

(I) Revenue

Revenue of the Group for the six-month period ended 30 June 2021 amounted to approximately RMB35,165.3 million, representing an increase of approximately RMB4,130.3 million, or approximately 13.3%, as compared with the corresponding period of 2020, primarily due to the increase in revenue from property development and revenue from urban redevelopment business as compared with the corresponding period of 2020. Revenue from property development for the six-month period ended 30 June 2021 amounted to approximately RMB27,667.2 million, representing an increase of approximately 34.2% as compared with approximately RMB20,616.8 million in the corresponding period of 2020.

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

	For the six-month period ended 30 June			
	2021		2020	
	Area sq.m.	Amount RMB'000	Area sq.m.	Amount RMB'000
Zhuhai Ace Prestige Bay (珠海玖譽灣)	137,059	3,136,258	—	—
Dongguan Chang'an Jiangnan Royal City (東莞長安江南大境)	78,762	2,419,270	—	—
Foshan Water Castle (佛山尚水華府)	122,928	2,115,644	—	—
Huizhou Logan City (惠州龍光城)	124,613	1,667,126	87,825	1,187,768
Zhuhai Acesite Mansion (珠海玖龍璽)	36,224	1,447,332	61,299	2,071,389
Foshan Zishang Court (佛山紫尚苑)	61,259	1,346,804	—	—
Foshan Lvjing Long Mansion (佛山綠瓊瓏府)	63,148	1,275,667	—	—
Singapore The Florence Residence (新加坡悅湖苑)	15,034	1,190,466	15,911	315,209
Jiashan Jiuyue Castle (嘉善玖悅華府)	71,670	1,087,268	—	—
Nanning Shuiyue Longwan Yujiang (南寧水悅龍灣御江)	117,238	1,022,872	—	—
Heyuan Logan City (河源龍光城)	189,070	1,021,731	—	—

MANAGEMENT DISCUSSION AND ANALYSIS

For the six-month period ended 30 June

	2021		2020	
	Area sq.m.	Amount RMB'000	Area sq.m.	Amount RMB'000
Zhaoqing Ace Prestige City (肇慶玖譽城)	140,727	973,467	—	—
Jiashan Jiangnan Yajingli (嘉善江南雅境里)	53,213	840,859	—	—
Meishan Acesite County (眉山玖龍郡)	80,178	780,045	—	—
Zhaoqing Acesite Mount (肇慶玖龍山)	103,176	752,627	—	—
Chengdu Logan Century Center (成都龍光世紀中心)	67,218	732,971	—	—
Foshan Logan Country Garden Joy Park (佛山龍光碧桂園悅府)	63,566	687,624	43,717	384,412
Liuzhou Acesite Park (柳州玖龍府)	63,842	489,194	36,415	316,474
Zhuhai Jiulonghui International Culture Creativity Center (珠海九龍匯國際文創中心)	21,476	452,465	—	—
Foshan Dragon River Garden (佛山瓏濱熙園)	13,851	437,941	—	—
Nanning Impressions of Discovery Bay (南寧印象愉景灣)	63,610	432,716	—	—
Foshan Jiuyun Garden (佛山玖雲熙園)	39,215	400,237	—	—
Huizhou Heaven Garden (惠州天禧)	39,718	348,637	84,563	728,554
Nanning Ace Prestige Lake (南寧玖譽湖)	2,318	311,081	—	—
Shenzhen Acesite Park (深圳玖龍台)	2,434	209,632	78,742	3,866,418
Nanning Glory Forest Lake (南寧玖譽湖林湖)	—	164,141	—	—
Nanning Sirius (南寧天曜)	9,065	146,691	—	—
Foshan Dragon River Garden (佛山瓏濱嘉園)	4,329	130,872	—	—
Shenzhen Carat Complex (深圳玖鑽)	2,800	114,910	9,064	476,802
Nanning Logan Century (南寧龍光世紀)	7,623	100,894	6,759	118,425
Suzhou Ace Prestige Bay (蘇州玖譽灣)	5,822	97,906	26,278	529,973
Jiashan Jiaxing Ace Prestige Bay (嘉善嘉興玖譽灣)	863	16,133	31,061	632,738
Chaozhou Sunshine Waterfront (潮州陽光水岸)	271	14,050	36,338	417,473
Jiashan Jiaxing Acesite Park (嘉善嘉興玖龍府)	124	3,577	31,263	561,971
Dongguan Humen Acesite Mansion (東莞虎門玖龍璽)	19	1,310	40,574	902,385
Chengdu Xinjin Acesite Park (成都新津玖龍府)	114	1,282	66,630	644,655
Huizhou Acesite Park (惠州玖龍府)	94	1,145	151,521	1,753,042
Nanning Acesite Park (南寧玖龍台)	90	912	194,322	2,109,594
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
Others	20,713	1,293,436	69,730	1,550,757
Total	1,823,474	27,667,193	1,265,658	20,616,843

Notes:

1. Excluding the GFA attributable to the car parking spaces

MANAGEMENT DISCUSSION AND ANALYSIS

(II) Cost of sales

The cost of sales of the Group increased by approximately RMB5,599.5 million, or approximately 27.9%, as compared with the corresponding period of 2020, primarily due to the expansion of business scale as compared with the corresponding period of 2020. Key components of costs are as follows:

	For the six-month period ended 30 June		
	2021 RMB'000	2020 RMB'000	Changes %
Total cost of sales	25,700,116	20,100,618	27.9
— Property development	21,077,085	14,817,221	42.2
— Property operation	33,788	15,240	121.7
— Development management	3,445,437	3,482,728	-1.1
— Urban redevelopment business	1,143,806	1,785,429	-35.9

(III) Selling and marketing expenses and administrative expenses

The selling and marketing expenses of the Group for the six-month period ended 30 June 2021 amounted to approximately RMB840.4 million (the corresponding period of 2020 was approximately RMB664.9 million). The relevant selling and marketing expenses increased by approximately 26.4% as compared with the corresponding period of 2020.

The administrative expenses of the Group for the six-month period ended 30 June 2021 amounted to approximately RMB959.5 million (the corresponding period of 2020 was approximately RMB813.1 million), representing an increase of approximately 18.0% as compared with the corresponding period of 2020. 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 2021 decreased by RMB1,638.3 million to approximately RMB9,554.7 million (the corresponding period of 2020: approximately RMB11,193.0 million). It was mainly due to decrease in gross profit of approximately RMB1,469.2 million, decrease in change of fair value of derivative financial instruments of approximately RMB188.3 million, and increase in selling and marketing expense of approximately RMB175.5 million and administrative expenses of approximately RMB146.4 million, partly offset by increase in change of fair value of investment properties of approximately RMB239.8 million.

(V) Finance costs

The net finance costs of the Group for the six-month period ended 30 June 2021 increased to approximately RMB382.2 million (the corresponding period of 2020 was approximately RMB943.8 million), primarily due to the decrease in financing interests rate and the increase in capitalization rate. The average interest rate for new borrowings was 4.6% per annum and period-end weighted average borrowing interest rate was 5.4% per annum.

MANAGEMENT DISCUSSION AND ANALYSIS**(VI) Tax**

Taxes of the Group for the six-month period ended 30 June 2021 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 RMB1,993.3 million and RMB678.8 million, respectively (the corresponding period of 2020: approximately RMB3,161.6 million and RMB802.6 million).

(VII) Core profit

The core profit of the Group for the six-month period ended 30 June 2021 amounted to approximately RMB5,855.1 million, representing an increase of approximately RMB393.1 million or 7.2% as compared with the corresponding period of 2020. The core profit margin of the Group for the six-month period ended 30 June 2021 was approximately 16.7% (the corresponding period of 2020 was approximately 17.6%).

(VIII) Liquidity and financial resources

As at 30 June 2021, total assets of the Group amounted to approximately RMB289,795.3 million (31 December 2020: approximately RMB243,513.6 million), of which current assets amounted to approximately RMB235,090.8 million (31 December 2020: approximately RMB193,134.1 million). Total liabilities amounted to approximately RMB219,019.7 million (31 December 2020: approximately RMB182,842.2 million), of which non-current liabilities amounted to approximately RMB67,035.8 million (31 December 2020: approximately RMB62,070.8 million). Total equity amounted to approximately RMB70,775.6 million (31 December 2020: approximately RMB60,671.5 million), of which total equity attributable to owners of the parent amounted to RMB45,556.1 million (31 December 2020: approximately RMB42,403.2 million).

As at 30 June 2021, the Group had cash and bank balances of approximately RMB42,059.1 million (31 December 2020: approximately RMB42,869.2 million) and total bank and other borrowings of approximately RMB85,054.0 million (31 December 2020: approximately RMB80,138.5 million). As at 30 June 2021, 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 2021, the Group successfully issued two tranches of senior notes of US\$600,000,000. The first tranche of senior notes amounted to US\$300,000,000, with a coupon rate of 4.5% and a maturity date on 13 January 2028. The second tranche of senior notes amounted to US\$300,000,000, with a coupon rate of 4.25% and a maturity date on 12 July 2025.

Also, for the six-month period ended 30 June 2021, Shenzhen Logan, a subsidiary of the Group in the PRC, had issued domestic corporate bonds with total principal amount of RMB1,774 million, with the coupon rate from 4.8% to 4.9%.

OTHER INFORMATION

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

As at 30 June 2021, the interests and short positions of the directors (the "Directors") and chief executives of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set forth in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(i) Interest in Shares of the Company

Name of Director	Nature of Interest	Number of Shares ⁽¹⁾	Underlying Shares Interested ⁽²⁾	Aggregate interests	Approximate Percentage of Issued Share Capital ⁽⁵⁾
Mr. Kei Hoi Pang	Beneficiary of a family trust ⁽³⁾	3,401,600,000 (L)	—	3,401,600,000	61.61%
	Deemed interest ⁽³⁾	851,281,250 (L)	—	851,281,250	15.42%
	Beneficial owner	8,200,000 (L)	8,000,000	16,200,000	0.29%
Ms. Kei Perenna Hoi Ting	Beneficiary of a family trust ⁽⁴⁾	3,401,600,000 (L)	—	3,401,600,000	61.61%
	Interest of controlled corporations ⁽⁴⁾	850,000,000 (L)	—	850,000,000	15.40%
	Beneficial owner	1,281,250 (L)	1,800,000	3,081,250	0.06%
Mr. Lai Zhuobin	Beneficial owner	2,606,250 (L)	2,800,000	5,406,250	0.10%
Mr. Xiao Xu	Beneficial owner	2,793,750 (L)	2,800,000	5,593,750	0.10%
Mr. Zhong Huihong	Beneficial owner	—	882,000	882,000	0.02%

Notes:

- (1) The letter "L" denotes the person's long position in the shares of the Company (the "Shares").
- (2) The number of shares represents the Shares in which the Directors are deemed to be interested as a result of holding share options.
- (3) Mr. Kei Hoi Pang is a beneficiary of the family trust, and therefore interested in the Shares held through Junxi Investments Limited. He is also considered to be interested in the Shares through Ms. Kei Perenna Hoi Ting as Ms. Kei Perenna Hoi Ting is being a person accustomed to act in accordance with Mr. Kei Hoi Pang's directions.
- (4) Ms. Kei Perenna Hoi Ting is the settlor and a beneficiary of a family trust, and therefore interested in the Shares held through Junxi Investments Limited. She is also indirectly interested in the Company through Dragon Jubilee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively approximately 15.40% of the issued share capital of the Company.
- (5) The percentage is calculated based on the total number of 5,521,078,450 Shares in issue as at 30 June 2021.

OTHER INFORMATION

(ii) Interest in Associated Corporations of the Company

Name of Director	Name of Associated Corporations	Percentage of Shareholding Interest
Ms. Kei Perenna Hoi Ting ⁽¹⁾	Junxi Investments Limited	100%

Note:

- (1) Mr. Kei Hoi Pang is a beneficiary of the family trust, and therefore interested in the Shares held through Junxi Investments Limited. He is also considered to be interested in the Shares through Ms. Kei Perenna Hoi Ting as Ms. Kei Perenna Hoi Ting is being a person accustomed to act in accordance with Mr. Kei Hoi Pang's directions.

(iii) Interest in Debentures of the Company

Name of Director	Capacity in which the debentures are held	Amount of debentures (in US\$)
Mr. Kei Hoi Pang	Interest of a controlled corporation ⁽¹⁾	20,000,000 ⁽²⁾
	Interest of a controlled corporation ⁽¹⁾	30,000,000 ⁽³⁾

Notes:

- (1) The entire issued share capital of Victorious City Investments Limited, the company which directly holds the debentures, is directly owned by Mr. Kei Hoi Pang.
- (2) The US\$20,000,000 debentures held by Mr. Kei Hoi Pang represents his interest in the US\$450,000,000 5.25% senior notes due 2023 issued by the Company.
- (3) The US\$30,000,000 debentures held by Mr. Kei Hoi Pang represents his interest in the US\$200,000,000 5.75% senior notes due 2022 issued by the Company.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

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

As at 30 June 2021, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of Interest	Number of Shares ⁽¹⁾	Approximate Percentage of the Company's Issued Share Capital ⁽⁵⁾
Mr. Kei Hoi Pang	Beneficiary of a family trust, Deemed interest ⁽²⁾	4,252,881,250 (L)	77.03%
	Beneficial owner	16,200,000 (L)	0.29%
Ms. Kei Perenna Hoi Ting	Beneficiary of a family trust, Interest of controlled corporations ⁽³⁾	4,251,600,000 (L)	77.01%
	Beneficial owner	3,081,250 (L)	0.06%
Brock Nominees Limited ⁽⁴⁾	Nominee	3,401,600,000 (L)	61.61%
Credit Suisse Trust Limited ⁽⁴⁾	Trustee	3,401,600,000 (L)	61.61%
Junxi Investments Limited ⁽⁴⁾	Beneficial owner	3,401,600,000 (L)	61.61%
Kei Family United Limited ⁽⁴⁾	Interest of a controlled corporation	3,401,600,000 (L)	61.61%
Tenby Nominees Limited ⁽⁴⁾	Nominee	3,401,600,000 (L)	61.61%
Dragon Jubilee Investments Limited	Beneficial owner	425,000,000 (L)	7.70%

Notes:

- (1) The letter "L" denotes the person's long position in Shares.
- (2) Mr. Kei Hoi Pang who is a beneficiary of the family trust, and therefore interested in the Shares through Junxi Investments Limited. Mr. Kei Hoi Pang is also considered to be interested in the Shares through Ms. Kei Perenna Hoi Ting as Ms. Kei Perenna Hoi Ting is being a person accustomed to act in accordance with Mr. Kei Hoi Pang's directions.
- (3) Ms. Kei Perenna Hoi Ting is the settlor and a beneficiary of a family trust, and therefore interested in Shares held through Junxi Investments Limited. She is also indirectly interested in the Company through Dragon Jubilee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively approximately 15.40% interests in the Company.
- (4) The family trust is interested in the entire interest of Kei Family United Limited which in turns hold the entire interest in Junxi Investments Limited. Kei Family United Limited is owned as to 50% by each of Brock Nominees Limited and Tenby Nominees Limited, which hold the Shares on behalf of Credit Suisse Trust Limited as trustee.
- (5) The percentage is calculated based on the total number of 5,521,078,450 Shares in issue as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, no person, other than the Directors and chief executives of the Company, whose interests are set out in the section headed "Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares or Debentures of the Company or any of its Associated Corporations" of this report above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

OTHER INFORMATION

INTERIM DIVIDEND

The Board declared an interim dividend in cash of HK49 cents per share for the six months ended 30 June 2021 (the "Interim Dividend") (six months ended 30 June 2020: HK43 cents per share).

The Interim Dividend will be paid on Friday, 3 December 2021 to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 18 November 2021.

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 Tuesday, 16 November 2021 to Thursday, 18 November 2021, 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 Monday, 15 November 2021.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

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 Listing Rules.

The Company has applied the principles and complied with all the applicable code provisions as set out in the CG Code throughout the six months ended 30 June 2021.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry, the Company confirmed that all the Directors have complied with the required standards set out in the Model Code during the six months ended 30 June 2021.

The Company has also adopted the principles and rules of the Model Code as written guidelines for relevant employees in respect of their dealings in the securities of the Company (the "Employees Written Guidelines"). No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the six months ended 30 June 2021.

CHANGES IN INFORMATION OF DIRECTOR

Pursuant to Rule 13.51(B) of the Listing Rules, the changes in information of Director subsequent to the date of the 2020 annual report of the Company are as follows:

Name of Director	Details of Change
Mr. Zhang Huaqiao	<ul style="list-style-type: none"> — Retired as an independent non-executive director of China Huirong Financial Holdings Limited (Stock Code:1290) with effect from 28 May 2021. — Appointed as an independent non-executive director, the chairman of the risk committee and a member of the audit committee and remuneration committee of Haitong International Securities Group Limited (Stock Code:665) with effect from 28 May 2021.

OTHER INFORMATION

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed, with no disagreement, with the Company's management, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

2019 Facility Agreement

On 24 January 2019, the Company as borrower entered into a facility agreement with certain banks as lenders for a term loan facility of HK\$1,610,000,000 (the "2019 Facility Agreement"), which may be increased to not more than HK\$2,500,000,000 in accordance with the terms of the 2019 Facility Agreement at an interest rate of HIBOR plus 3.95% per annum. The facility has to be fully repaid within 42 months after the date of the 2019 Facility Agreement.

On 15 July 2019, term loan facility has been increased by HK\$150,000,000 to HK\$1,760,000,000.

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

As at 30 June 2021, the term loan facility of HK\$1,408,000,000 remained outstanding.

2020 Facility Agreement

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

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

As at 30 June 2021, the term loan facility of HK\$2,230,000,000 and US\$38,000,000 remained outstanding.

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

Save as disclosed above, as at 30 June 2021, the Company did not have other disclosure obligations under Rule 13.18 of the Listing Rules.

OTHER INFORMATION

SHARE OPTION

Details of movements for the six months ended 30 June 2021 in the number of share options are set out below:

Name of Director	Date of grant	Exercise price (HK\$)	Number of share options				Outstanding as at 30 June 2021	Approximate percentage of total issued share capital ⁽¹⁾	Exercise period	Closing price of the securities immediately before the date on which the options were offered (HK\$)
			Outstanding as at 1 January 2021	Granted from 1 January 2021 to 30 June 2021	Exercised from 1 January 2021 to 30 June 2021	Cancelled/ Lapsed from 1 January 2021 to 30 June 2021				
Mr. Kei Hoi Pang	25 August 2017	7.43	8,000,000	–	–	–	8,000,000	0.14%	25 August 2017 to 24 August 2027 ⁽²⁾	7.34
Mr. Lai Zhuobin	25 August 2017	7.43	2,800,000	–	–	–	2,800,000	0.05%	25 August 2017 to 24 August 2027 ⁽²⁾	7.34
Mr. Xiao Xu	25 August 2017	7.43	2,800,000	–	–	–	2,800,000	0.05%	25 August 2017 to 24 August 2027 ⁽²⁾	7.34
Ms. Kei Perenna Hoi Ting	25 August 2017	7.43	1,800,000	–	–	–	1,800,000	0.03%	25 August 2017 to 24 August 2027 ⁽²⁾	7.34
Mr. Zhong Huihong	22 October 2018	7.64	882,000	–	–	–	882,000	0.02%	22 October 2018 to 21 October 2028 ⁽⁴⁾	7.33
Total number held by Directors	25 August 2017	7.43	15,400,000	–	–	–	15,400,000	0.28%	25 August 2017 to 24 August 2027 ⁽²⁾	7.34
	22 October 2018	7.64	882,000	–	–	–	882,000	0.02%	22 October 2018 to 21 October 2028 ⁽⁴⁾	7.33
Total number held by other participants	25 August 2017	7.43	33,262,000	–	948,000	2,664,000	29,650,000	0.54%	25 August 2017 to 24 August 2027 ⁽²⁾	7.34
	8 June 2018	12.50	34,427,000	–	–	5,898,000	28,529,000	0.52%	8 June 2018 to 7 June 2028 ⁽³⁾	12.44
	22 October 2018	7.64	19,955,500	–	–	3,680,500	16,275,000	0.29%	22 October 2018 to 21 October 2028 ⁽⁴⁾	7.33
	28 June 2019	12.64	6,480,500	–	–	1,227,000	5,253,500	0.10%	28 June 2019 to 27 June 2029 ⁽³⁾	12.56
	12 June 2020	13.08	5,565,000	–	–	550,000	5,015,000	0.09%	12 June 2020 to 11 June 2030 ⁽³⁾	13.02

Notes:

- (1) The percentage is calculated based on the total number of 5,521,078,450 Shares in issue as at 30 June 2021.
- (2) The share options are exercisable within a period of 10 years from 25 August 2017 and subject to the following vesting schedule and performance review:
 - (i) up to 25% of the share options granted after the expiration of 36 months from 25 August 2017;
 - (ii) up to another 25% of the share options granted after the expiration of 48 months from 25 August 2017;
 - (iii) up to another 25% of the share options granted after the expiration of 60 months from 25 August 2017; and
 - (iv) all the remaining share options granted after the expiration of 72 months from 25 August 2017.

OTHER INFORMATION

- (3) The share options are exercisable within a period of 10 years from 8 June 2018 and subject to the following vesting schedule and performance review:
- (i) up to 33.3% of the share options granted to each grantee at any time after the expiration of 36 months from 8 June 2018;
 - (ii) up to 33.3% of the share options granted to each grantee at any time after the expiration of 48 months from 8 June 2018; and
 - (iii) the remaining of the share options granted to each grantee at any time after the expiration of 60 months from 8 June 2018.
- (4) The share options are exercisable within a period of 10 years from 22 October 2018 and subject to the following vesting schedule and performance review:
- (i) up to 33.3% of the share options granted to each grantee at any time after the expiration of 36 months from 22 October 2018;
 - (ii) up to 33.3% of the share options granted to each grantee at any time after the expiration of 48 months from 22 October 2018; and
 - (iii) the remaining of the share options granted to each grantee at any time after the expiration of 60 months from 22 October 2018.
- (5) The share options are exercisable within a period of 10 years from 28 June 2019 and subject to the following vesting schedule and performance review:
- (i) for some grantees, up to 33.3% of their share options granted at any time after the expiration of 36 months from the date of grant and up to 66.7% of their share options granted at any time after the expiration of 48 months from the date of grant; and
 - (ii) for the remaining grantees, up to 50% of their share options granted at any time after the expiration of 36 months from the date of grant and up to 50% of their share options granted at any time after the expiration of 48 months from the date of grant.
- (6) The share options are exercisable within a period of 10 years from the 12 June 2020 and will be vested after the expiration of 36 months from 12 June 2020.
- (7) The weighted average closing price of the shares immediately before the dates on which the share options were exercised by the employees was HK\$12.43.

SHARE AWARD SCHEME

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

According to the Share Award Scheme, shares up to 3% of the issued share capital of the Company (from time to time) will be purchased by the trustee from the market out of cash contributed by the Company (the "Award Shares") and be held in trust for the relevant selected participants until the Award Shares are vested with the relevant selected participants in accordance with the provisions of the Share Award Scheme. During the six months ended 30 June 2021, the Company had through the trustee purchased a total of 59,190,000 shares from the market at an aggregate consideration of HK\$748,573,364 (including transaction costs). During the six months ended 30 June 2021, no Award Shares had been granted.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
REVENUE	4	35,165,316	31,034,969
Cost of sales		(25,700,116)	(20,100,618)
Gross profit		9,465,200	10,934,351
Other income and gains, net	4	1,105,822	1,065,720
Other expenses		(37,707)	(86,364)
Selling and marketing expenses		(840,392)	(664,869)
Administrative expenses		(959,497)	(813,093)
Net increase in fair value of investment properties	10	1,297,258	1,057,455
Net increase/(decrease) in fair value of derivative financial instruments		(158,345)	29,998
Share of losses of associates		(30,598)	(33,498)
Share of losses of joint ventures		(287,048)	(296,660)
PROFIT FROM OPERATIONS		9,554,693	11,193,040
Finance costs	5	(382,188)	(943,824)
PROFIT BEFORE TAX	6	9,172,505	10,249,216
Income tax expense	7	(2,672,077)	(3,964,165)
PROFIT FOR THE PERIOD		6,500,428	6,285,051
Attributable to:			
Owners of the parent		6,181,928	6,157,484
Non-controlling interests		318,500	127,567
		6,500,428	6,285,051
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RMB cents)			
Basic	9	112.13	110.28
Diluted		111.69	109.41

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	6,500,428	6,285,051
OTHER COMPREHENSIVE INCOME FOR THE PERIOD (after tax and reclassification adjustments)		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of group entities	324,417	183,787
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,824,845	6,468,838
Attributable to:		
Owners of the parent	6,506,345	6,341,271
Non-controlling interests	318,500	127,567
	6,824,845	6,468,838

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
NON-CURRENT ASSETS			
Investment properties	10	33,799,655	29,794,064
Other property, plant and equipment	11	164,911	159,893
Deferred tax assets		1,658,137	1,455,960
Investments in associates		3,136,569	3,488,649
Investments in joint ventures		14,329,052	8,968,781
Trade and other receivables, prepayments and other assets		—	4,282,980
Assets under cross-border guarantee arrangements		—	400,000
Cash and bank balances	14	1,616,112	1,829,261
Total non-current assets		54,704,436	50,379,588
CURRENT ASSETS			
Inventories		126,152,407	106,327,001
Trade and other receivables, prepayments and other assets	12	59,643,528	39,194,772
Tax recoverable		2,889,276	2,025,196
Assets under cross-border guarantee arrangements	13	5,962,637	4,547,191
Cash and bank balances	14	40,442,979	41,039,900
Total current assets		235,090,827	193,134,060
CURRENT LIABILITIES			
Trade and other payables	15	52,404,023	40,463,391
Contract liabilities		61,406,436	42,484,960
Liabilities under cross-border guarantee arrangements	13	6,317,160	5,376,575
Bank and other loans		7,916,252	9,665,437
Senior notes	16	3,631,503	7,192,358
Other current liabilities	17	11,159,800	6,439,252
Tax payable		9,148,694	9,149,363
Total current liabilities		151,983,868	120,771,336
NET CURRENT ASSETS		83,106,959	72,362,724
TOTAL ASSETS LESS CURRENT LIABILITIES		137,811,395	122,742,312

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		137,811,395	122,742,312
NON-CURRENT LIABILITIES			
Liabilities under cross-border guarantee arrangements		—	700,631
Bank and other loans		30,759,971	23,371,878
Senior notes	16	19,822,472	17,933,558
Corporate bonds	17	11,764,000	15,536,000
Deferred tax liabilities		4,689,339	4,528,780
Total non-current liabilities		67,035,782	62,070,847
Net assets		70,775,613	60,671,465
EQUITY			
Equity attributable to owners of the parent			
Share capital	18	436,809	436,727
Perpetual capital securities	20	2,363,346	2,363,346
Reserves		42,755,932	39,603,161
		45,556,087	42,403,234
Non-controlling interests		25,219,526	18,268,231
Total equity		70,775,613	60,671,465

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

(Unaudited)	Attributable to owners of the parent											
	Share capital RMB'000 (note 18)	Share premium RMB'000	Shares held under share award scheme RMB'000 (note 19)	Share-based compensation reserve RMB'000 (note 19)	Exchange reserve RMB'000	PRC statutory reserves RMB'000	Other reserve RMB'000	Retained profits RMB'000	Perpetual capital securities RMB'000 (note 20)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020	435,167	–	–	104,900	(303,509)	1,279,222	(1,489,207)	31,804,498	2,363,346	34,194,417	8,799,602	42,994,019
Profit for the period	–	–	–	–	–	–	–	6,157,484	–	6,157,484	127,567	6,285,051
Other comprehensive income - Exchange differences on translation of financial statements of group entities	–	–	–	–	183,787	–	–	–	–	183,787	–	183,787
Total comprehensive income for the period	–	–	–	–	183,787	–	–	6,157,484	–	6,341,271	127,567	6,468,838
2019 final and special dividends declared	–	–	–	–	–	–	–	(2,237,570)	–	(2,237,570)	–	(2,237,570)
Issuance of shares in connection with the exercise of share options	1,852	63,031	–	(19,283)	–	–	–	–	–	45,600	–	45,600
Equity-settled share-based transactions	–	–	–	54,027	–	–	–	–	–	54,027	–	54,027
Effect of forfeited or expired share options	–	–	–	(23,510)	–	–	–	23,510	–	–	–	–
Repurchase and cancellation of own shares	(342)	(44,451)	–	–	–	–	–	–	–	(44,793)	–	(44,793)
Shares purchased under share award scheme	–	–	(311,787)	–	–	–	–	–	–	(311,787)	–	(311,787)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	(387,479)	–	–	(387,479)	(2,672,278)	(3,059,757)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	8,398,592	8,398,592
Distribution to holders of perpetual capital securities	–	–	–	–	–	–	–	(83,785)	–	(83,785)	–	(83,785)
At 30 June 2020	436,677	18,580	(311,787)	116,134	(119,722)	1,279,222	(1,876,686)	35,664,137	2,363,346	37,569,901	14,653,483	52,223,384

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

(Unaudited)	Attributable to owners of the parent											
	Share capital RMB'000 (note 18)	Share premium RMB'000	Shares held under share award		Exchange reserve RMB'000	PRC statutory reserves RMB'000	Other reserve RMB'000	Retained profits RMB'000	Perpetual capital securities RMB'000 (note 20)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
			Share-based compensation RMB'000 (note 19)	Share award scheme RMB'000 (note 19)								
At 1 January 2021	436,727	22,582*	(823,306)*	108,981*	561,734*	1,458,841*	(1,876,686)*	40,151,015*	2,363,346	42,403,234	18,268,231	60,671,465
Profit for the period	-	-	-	-	-	-	-	6,181,928	-	6,181,928	318,500	6,500,428
Other comprehensive income -												
Exchange differences on translation of financial statements of group entities	-	-	-	-	324,417	-	-	-	-	324,417	-	324,417
Total comprehensive income for the period	-	-	-	-	324,417	-	-	6,181,928	-	6,506,345	318,500	6,824,845
Transfer to PRC statutory reserve	-	-	-	-	-	26,450	-	(26,450)	-	-	-	-
2020 final dividend declared	-	-	-	-	-	-	-	(2,668,459)	-	(2,668,459)	-	(2,668,459)
Issuance of shares in connection with the exercise of share options	82	7,161	-	(1,189)	-	-	-	-	-	6,074	-	6,074
Equity-settled share-based transactions	-	-	-	19,230	-	-	-	-	-	19,230	-	19,230
Effect of forfeited or expired share options	-	-	-	(20,719)	-	-	-	20,719	-	-	-	-
Shares purchased under share award scheme	-	-	(628,985)	-	-	-	-	-	-	(628,985)	-	(628,985)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	212,606	212,606
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	(1,933)	-	-	(1,933)	(2,967)	(4,900)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	6,423,156	6,423,156
Distribution to holders of perpetual capital securities	-	-	-	-	-	-	-	(79,419)	-	(79,419)	-	(79,419)
At 30 June 2021	436,809	29,763*	(1,452,291)*	106,303*	886,151*	1,485,291*	(1,878,619)*	43,579,334*	2,363,346	45,556,087	25,219,526	70,775,613

* These reserve accounts comprise the consolidated reserves of RMB42,755,932,000 (31 December 2020: RMB39,603,161,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		9,172,505	10,249,216
Total non-cash adjustments		(1,369,855)	(571,945)
Total working capital adjustments		(4,190,613)	(2,142,124)
Cash generated from operations		3,612,037	7,535,147
Tax paid		(1,939,636)	(2,122,814)
Net cash flows from operating activities		1,672,401	5,412,333
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		533,672	836,496
Addition to investment properties	10	(1,071,704)	(151,293)
Addition to other property, plant and equipment		(89,004)	(20,266)
Deemed disposal of subsidiaries	22(b)	(6,048,559)	(2,493,113)
Disposal of subsidiaries	22(a)	275,700	(1,151,012)
Acquisition of subsidiaries that are not a business	21(a)	4,115	3,815,612
Acquisition of subsidiaries	21(b)	8,161,823	—
Disposal of joint ventures		183,130	—
Investments in joint ventures		(242,533)	(521,788)
Investments in associates		(585,484)	—
Advances to joint ventures and associates		(8,982,540)	(11,633,908)
Advances from joint ventures and associates		1,790,929	738,916
Proceeds from disposal of other property, plant and equipment		51,225	27,464
Increase in restricted and pledged deposits		(886,399)	(6,196,889)
Decrease in non-current unpledged time deposits		376,000	711,000
Net cash flows from investing activities		(6,529,629)	(16,038,781)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,010,259)	(2,620,302)
Proceeds from bank and other loans	11,584,832	16,277,690
Repayment of bank and other loans	(10,386,108)	(9,154,665)
Repayment of senior notes	(5,240,312)	(568,525)
Repayment of corporate bonds	—	(2,964,000)
Proceeds from issuance of senior notes	3,846,600	3,454,974
Proceeds from issuance of corporate bonds	1,774,000	2,500,000
Proceeds from cross-border guarantee arrangements	723,064	7,008,473
Distribution paid to holders of perpetual capital securities	(79,419)	(83,785)
Proceeds from issuance of shares in connection with the exercise of share options	6,074	45,600
Repurchase of own shares	—	(44,793)
Shares purchased under share award scheme	(628,985)	(311,787)
Repayment to non-controlling shareholders/former non-controlling shareholders	(796,210)	(4,407,949)
Capital contributions from non-controlling shareholders	6,423,156	8,398,592
Payments for acquisition of non-controlling interests	(4,900)	(2,402,569)
Payments for acquisition of non-controlling interests in prior period	(100,000)	—
Dividends paid to ordinary equity shareholders of the Company	(418,553)	(2,431,526)
Net cash flows from financing activities	4,692,980	12,695,428
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(164,248)	2,068,980
Cash and cash equivalents at beginning of period	40,462,748	34,817,721
Effect of foreign exchange rate changes	(140,775)	276,747
CASH AND CASH EQUIVALENTS AT END OF PERIOD	40,157,725	37,163,448

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

1. CORPORATE AND GROUP INFORMATION

Logan Group Company Limited (formerly known as “Logan Property Holdings Company Limited”) (the “Company”) is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office address of the Company is 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”) were principally engaged in property development, property investment, construction and decoration and urban redevelopment business in the People’s Republic of China (the “PRC”) or “Mainland China” during the period.

In the opinion of the directors, the ultimate controlling party of the Company is Ms. Kei Perenna Hoi Ting, who is a non-executive director of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial information of the Group (the “interim financial information”) for the six months ended 30 June 2021 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 2020.

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 2020, 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 2021 for the current period’s interim financial information:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS16	<i>Covid-19 Related Rent Concessions</i>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

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

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy. The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate, the London Interbank Offered Rate (“LIBOR”) and Singapore Interbank Offered Rate (“SIBOR”) as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment did not have any significant impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

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

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

The Group's revenue from external customers from each operating segment is set out in note 4 to the interim financial information.

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.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Information regarding the reportable segments is presented below.

For the six months ended 30 June 2021

(Unaudited)	Property development RMB'000	Development management RMB'000	Urban redevelopment RMB'000	Property operation RMB'000	Total RMB'000
Revenue from external customers	27,667,193	4,499,570	2,904,631	93,922	35,165,316
Inter-segment revenue	—	7,421,744	—	19,928	7,441,672
Reportable segment revenue	27,667,193	11,921,314	2,904,631	113,850	42,606,988
Reportable segment profit	5,364,727	2,742,300	1,741,797	73,835	9,922,659

For the six months ended 30 June 2020

(Unaudited)	Property development RMB'000	Development management RMB'000	Urban redevelopment RMB'000	Property operation RMB'000	Total RMB'000
Revenue from external customers	20,616,843	4,349,695	6,000,000	68,431	31,034,969
Inter-segment revenue	—	7,061,613	—	30,923	7,092,536
Reportable segment revenue	20,616,843	11,411,308	6,000,000	99,354	38,127,505
Reportable segment profit	5,029,410	3,415,851	3,750,193	78,090	12,273,544

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue and profit or loss

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Revenue		
Reportable segment revenue	42,606,988	38,127,505
Elimination of inter-segment revenue	(7,441,672)	(7,092,536)
Consolidated revenue	35,165,316	31,034,969
Profit		
Reportable segment profit	9,922,659	12,273,544
Elimination of inter-segment profits	(1,938,913)	(2,612,972)
Reportable segment profit derived from the Group's external customers	7,983,746	9,660,572
Other income and gains	1,105,822	1,065,720
Other expenses	(37,707)	(86,364)
Depreciation	(26,044)	(31,751)
Finance costs	(382,188)	(943,824)
Share of losses of associates	(30,598)	(33,498)
Share of losses of joint ventures	(287,048)	(296,660)
Net increase in fair value of investment properties	1,297,258	1,057,455
Net increase/(decrease) in fair value of derivative financial instruments	(158,345)	29,998
Unallocated head office and corporate income and expenses	(292,391)	(172,432)
Consolidated profit before tax	9,172,505	10,249,216

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.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

4. REVENUE, OTHER INCOME AND GAINS, NET

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

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<i>Revenue from contracts with customers</i>		
Property development*	27,667,193	20,616,843
Development management income	4,499,570	4,349,695
Urban redevelopment business income	2,904,631	6,000,000
<i>Revenue from another source</i>		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	93,922	68,431
	35,165,316	31,034,969

* The invoiced amount billed to buyers of properties for the six months ended 30 June 2021 was RMB30,140,780,000 (six months ended 30 June 2020: RMB22,532,266,000) including value-added tax of RMB2,473,587,000 (six months ended 30 June 2020: RMB1,797,172,000).

Revenue from contracts with customers

Disaggregated revenue information

For the six months ended 30 June 2021

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

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

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

Revenue from contracts with customers (continued)

Disaggregated revenue information (continued)

For the six months ended 30 June 2020

(Unaudited)	Property development RMB'000	Development management RMB'000	Urban re- development RMB'000	Total RMB'000
Timing of revenue recognition:				
Goods transferred at a point in time	20,616,843	—	6,000,000	26,616,843
Services transferred over time	—	4,349,695	—	4,349,695
Total revenue from contracts with customers	20,616,843	4,349,695	6,000,000	30,966,538

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 2021

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

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

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

Revenue from contracts with customers (continued)

Disaggregated revenue information (continued)

For the six months ended 30 June 2020

(Unaudited)	Property development RMB'000	Development management RMB'000	Urban re- development RMB'000	Total RMB'000
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
	20,616,843	11,411,308	6,000,000	38,028,151
Intersegment adjustments and eliminations	—	(7,061,613)	—	(7,061,613)
Total revenue from contracts with customers	20,616,843	4,349,695	6,000,000	30,966,538

Other income and gains, net

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

	Notes	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Bank interest income		344,948	223,142
Interest income on amounts due from an associate and joint ventures		473,754	613,354
Forfeiture income on deposits received		34,920	28,924
Gain on disposal of subsidiaries upon loss of control, net	22(a)	3,592	4,013
(Loss)/gain on deemed disposal of subsidiaries upon loss of control, net	22(b)	(56,809)	9,317
Gain on remeasurement of pre-existing interests in an associate and joint ventures to the date of obtaining control and acquisition	21(b)	157,038	—
Gain on bargain purchase or disposal of joint ventures, net		59,757	—
Others		88,622	186,970
		1,105,822	1,065,720

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank and other loans and other borrowing costs	1,018,694	1,065,536
Interest on senior notes	724,891	886,702
Interest on corporate bonds	525,955	653,708
Total interest expense on financial liabilities not at fair value through profit or loss	2,269,540	2,605,946
Less: Interest capitalised	(1,887,352)	(1,662,122)
	382,188	943,824

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

6. PROFIT BEFORE TAX

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

	Notes	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Cost of properties sold		22,220,891	16,602,650
Cost of services provided		3,479,225	3,497,968
Depreciation		42,586	40,633
Less: Amount capitalised		(16,542)	(8,882)
		26,044	31,751
Equity-settled share option expense		19,230	54,027
Interest income:			
– Cash at bank		(344,948)	(223,142)
– Amounts due from an associate and joint ventures		(473,754)	(613,354)
Gain on disposal of subsidiaries upon loss of control, net	22(a)	(3,592)	(4,013)
Loss/(gain) on deemed disposal of subsidiaries upon loss of control, net	22(b)	56,809	(9,317)
Gain on remeasurement of pre-existing interests in an associate and a joint venture to the date of obtaining control and acquisition	21(b)	(157,038)	–
Gain on bargain purchase or disposal of joint ventures, net		(59,757)	–
Net gain on disposal of items of other property, plant and equipment		(569)	(27)
Foreign exchange differences, net		3,235	8,726

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2021 and 2020. 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	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current charge for the period:		
PRC corporate income tax	1,749,206	3,217,426
PRC land appreciation tax	678,773	802,586
Withholding tax	150,000	110,000
	2,577,979	4,130,012
Deferred	94,098	(165,847)
Total tax charge for the period	2,672,077	3,964,165

8. DIVIDEND

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Declared interim dividend — HK49 cents per ordinary share (six months ended 30 June 2020: HK43 cents per ordinary share)	2,254,350	2,139,027

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

9. 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 2021 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 5,447,738,146 (six months ended 30 June 2020: 5,511,445,687) in issue less the weighted average number of shares held under the share award scheme during the period.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

The calculation of the diluted earnings per share amount for the six months ended 30 June 2021 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:

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Earnings		
Profit attributable to owners of the parent	6,181,928	6,157,484
Distribution related to perpetual capital securities	(79,419)	(83,785)
Profit used in the basic and diluted earnings per share calculations	6,102,509	6,073,699

	Number of shares	
	Six months ended 30 June	
	2021 (Unaudited) '000	2020 (Unaudited) '000
Shares		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period, used in the basic earnings per share calculation	5,442,228	5,507,586
Effect of dilution — weighted average number of ordinary shares:		
Share options	21,501	43,634
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	5,463,729	5,551,220

10. INVESTMENT PROPERTIES

All of the Group's investment properties and investment properties under construction were revalued on 30 June 2021 based on valuations performed by APAC Asset Valuation and Consulting Limited, Greater China (Shanghai) Appraisal 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 RMB1,297,258,000 (six months ended 30 June 2020: RMB1,057,455,000), additions in investment properties and investment properties under construction amounted to RMB1,071,704,000 (six months ended 30 June 2020: RMB151,293,000), transfer from properties under development to investment properties under construction amounted to RMB1,647,276,000 (six months ended 30 June 2020: Nil), and no transfer from other property, plant and equipment to investment properties (six months ended 30 June 2020: RMB681,857,000).

11. OTHER PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired and disposed of other property, plant and equipment of RMB89,004,000 (six months ended 30 June 2020: RMB20,266,000) and RMB50,656,000 (six months ended 30 June 2020: RMB27,437,000), respectively. The Group acquired and disposed of other property, plant and equipment of RMB18,660,000 (six months ended 30 June 2020: RMB354,117,000) and RMB279,000 (six months ended 30 June 2020: RMB275,000) through acquisition of subsidiaries and disposal of subsidiaries, respectively. There is no transfer from other property, plant and equipment to investment properties (six months ended 30 June 2020: RMB681,857,000).

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12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

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

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

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

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

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Current to 30 days	1,189,221	737,062
31 days to 90 days	118,043	289,126
91 to 180 days	131,753	5,134
181 to 365 days	518,021	7,621
	1,957,038	1,038,943

NOTES TO INTERIM FINANCIAL INFORMATION

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

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

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
0 to 30 days	50,786	160,205
31 to 90 days	52,932	62,871
91 to 180 days	76,913	2,140
181 to 365 days	53,944	564
	234,575	225,780

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

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
0 to 30 days	2,090,211	3,536,662
31 to 90 days	408,899	264,743
91 to 180 days	1,008,466	27,534
181 to 365 days	1,325,224	179,759
	4,832,800	4,008,698

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

13. ASSETS AND LIABILITIES UNDER CROSS-BORDER GUARANTEE ARRANGEMENTS

During the six months ended 30 June 2021 and 2020, the Group entered into some cross-border guarantee arrangements with certain financial institutions, whereby certain onshore funding (i.e. in the PRC) and offshore funding (i.e. in Hong Kong) have been used as a pledge against advances to offshore (i.e. in Hong Kong) and onshore (i.e. in the PRC) for the Group's general working capital.

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

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Assets under cross-border guarantee arrangements	5,962,637	4,947,191
Portion classified as current assets	(5,962,637)	(4,547,191)
Non-current portion	—	400,000
Liabilities under cross-border guarantee arrangements	6,317,160	6,077,206
Portion classified as current liabilities	(6,317,160)	(5,376,575)
Non-current portion	—	700,631

NOTES TO INTERIM FINANCIAL INFORMATION

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14. CASH AND BANK BALANCES

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Cash and bank balances	42,059,091	42,869,161
Portion classified as current assets	(40,442,979)	(41,039,900)
Non-current portion	1,616,112	1,829,261

Notes:

- (a) Included in the cash and bank balances as at 30 June 2021 are guarantee deposits of RMB5,148,345,000 (Year ended 31 December 2020: RMB5,384,690,000) which are placed in designated bank accounts and can only be applied in the designated property development projects in accordance with the applicable prevailing government regulations.
- (b) Included in the cash and bank balances as at 30 June 2021 are deposits of RMB572,957,000 (Year ended 31 December 2020: RMB292,626,000) pledged to banks to secure the mortgage loans granted to the property purchasers.
- (c) Included in the cash and bank balances as at 30 June 2021 are bank deposits of RMB44,409,000 (Year ended 31 December 2020: RMB453,787,000) pledged to secure certain bank and other loans granted to the Group.
- (d) Included in the cash and bank balances as at 30 June 2021 are non-current non-pledged time deposits of RMB1,284,000,000 (Year ended 31 December 2020: RMB1,660,000,000).

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB34,714,210,000 (Year ended 31 December 2020: RMB35,463,475,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Non-pledged time deposits are made for varying periods of between seven days and six months depending on immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. Non-current portion of non-pledged time deposits are made for varying periods of between two and five years. All the bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

NOTES TO INTERIM FINANCIAL INFORMATION

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15. TRADE AND OTHER PAYABLES

Included in the balance as at 30 June 2021 is an aggregate trade payables balance of RMB23,319,624,000 (31 December 2020: RMB21,683,379,000). An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Current to 30 days	4,671,812	5,658,896
31 to 90 days	5,653,248	5,891,352
91 to 180 days	4,731,762	2,984,200
181 to 365 days	5,155,094	3,862,533
Over 365 days	3,107,708	3,286,398
	23,319,624	21,683,379

The trade payables are non-interest-bearing.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

16. SENIOR NOTES

	Effective interest rate (% per annum)	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
US\$200m Senior Notes (notes (i), (xx))	5.80	1,326,242	1,325,331
US\$450m Senior Notes (notes (ii), (xx))	5.42	2,933,398	2,958,417
US\$250m Senior Notes (notes (iii), (xx))	6.75	—	1,668,170
SG\$200m Senior Notes (notes (iv), (xx))	6.60	—	1,056,805
US\$300m Senior Notes (notes (v), (xx))	7.32	—	1,985,679
US\$100m Senior Notes (notes (vi), (xx))	7.62	—	661,267
US\$300m Senior Notes due 2021 (notes (vii), (xx))	8.05	1,988,367	2,002,128
US\$50m Senior Notes (notes (viii), (xx))	9.45	316,894	315,080
US\$300m Senior Notes due 2022 (notes (ix), (xx))	7.78	1,982,438	2,004,634
US\$400m Senior Notes due 2023 (notes (x), (xx))	6.76	2,648,041	2,675,275
US\$100m Senior Notes due 2024 (notes (xi), (xx))	7.60	645,102	650,636
US\$300m Senior Notes due 2025 (notes (xii), (xx))	5.96	1,974,740	1,995,736
US\$180m Senior Notes due 2024 (notes (xiii), (xx))	5.42	1,250,039	1,271,017
US\$100m Senior Notes due 2024 (notes (xiv), (xx))	4.53	648,103	654,689
US\$300m Senior Notes due 2025 (notes (xv), (xx))	5.49	1,936,136	1,956,350
US\$300m Senior Notes due 2026 (notes (xvi), (xx))	5.03	1,923,948	1,944,702
US\$300m Senior Notes due 2028 (notes (xvii), (xx))	4.64	1,960,760	—
US\$300m Senior Notes due 2025 (notes (xviii), (xx))	4.97	1,919,767	—
		23,453,975	25,125,916
Portion classified as current liabilities (note (xix))		(3,631,503)	(7,192,358)
Non-current portion (note (xix))		19,822,472	17,933,558

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

16. SENIOR NOTES (CONTINUED)

Notes:

- (i) On 3 January 2017, the Company issued senior notes with a principal amount of US\$200,000,000 due in 2022 (the "US\$200m Senior Notes"). The senior notes are interest bearing at 5.75% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 3 January 2022. At any time and from time to time on or after 3 January 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (ii) On 23 May 2017, the Company issued senior notes with a principal amount of US\$450,000,000 due in 2023 (the "US\$450m Senior Notes"). The senior notes are interest bearing at 5.25% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 23 February 2023. At any time and from time to time on or after 23 May 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (iii) On 7 March 2018, the Company issued senior notes with a principal amount of US\$250,000,000 due in 2021 ("US\$250m Senior Notes"). The senior notes are interest bearing at 6.375% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 7 March 2021. At any time and from time to time on or after 7 March 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum. In March 2021, the Company redeemed the US\$250m Senior Notes in full upon maturity.
- (iv) On 16 April 2018, the Company issued senior notes with a principal amount of SG\$200,000,000 due in 2021 ("SG\$200m Senior Notes"). The senior notes are interest bearing at 6.125% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 16 April 2021. At any time and from time to time on or after 16 April 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum. In April 2021, the Company redeemed the SG\$200m Senior Notes in full upon maturity.
- (v) On 24 April 2018, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2021 ("US\$300m Senior Notes"). The senior notes are interest bearing at 6.875% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 24 April 2021. At any time and from time to time on or after 24 April 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum. In April 2021, the Company redeemed the US\$300m Senior Notes in full upon maturity.
- (vi) On 30 May 2018, the Company issued senior notes with a principal amount of US\$100,000,000 due in 2021 ("US\$100m Senior Notes"). The senior notes are consolidated and form a single series with the US\$300m Senior Notes due 2021 issued on 24 April 2018. The senior notes are interest bearing at 6.875% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 24 April 2021. At any time and from time to time on or after 24 April 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum. In April 2021, the Company redeemed the US\$100m Senior Notes in full upon maturity.
- (vii) On 27 August 2018, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2021 ("US\$300m Senior Notes due 2021"). The senior notes are interest bearing at 7.5% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 27 August 2021. At any time and from time to time prior to 27 August 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

16. SENIOR NOTES (CONTINUED)

Notes: (continued)

- (viii) On 9 January 2019, the Company issued senior notes with a principal amount of US\$50,000,000 due in 2022 ("US\$50m Senior Notes"). The senior notes are consolidated and form a single series with the US\$200m Senior Notes due in 2022 issued on 3 January 2017. The senior notes are interest bearing at 5.75% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 3 January 2022. At any time and from time to time on or after 3 January 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (ix) On 25 February 2019, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2022 ("US\$300m Senior Notes due 2022"). The senior notes are interest bearing at 7.50% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 25 August 2022. At any time and from time to time prior to 25 February 2021, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (x) On 16 July 2019, the Company issued senior notes with a principal amount of US\$400,000,000 due in 2023 ("US\$400m Senior Notes due 2023"). The senior notes are interest bearing at 6.50% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 16 July 2023. At any time and from time to time on or after 16 July 2021, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xi) On 9 September 2019, the Company issued senior notes with a principal amount of US\$100,000,000 due in 2024 ("US\$100m Senior Notes due 2024"). The senior notes are interest bearing at 6.90% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 9 June 2024. At any time and from time to time on or after 9 September 2022, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xii) On 14 January 2020, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2025 ("US\$300m Senior Notes due 2025"). The senior notes are interest bearing at 5.75% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 14 January 2025. At any time and from time to time on or after 14 January 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xiii) On 17 January 2020, the Company issued senior notes with a principal amount of US\$180,000,000 due in 2024 ("US\$180m Senior Notes due 2024"). The senior notes are consolidated and form a single series with the US\$100m Senior Notes due 2024 issued on 9 September 2019. The senior notes are interest bearing at 6.90% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 9 June 2024. At any time and from time to time on or after 9 September 2022, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xiv) On 17 September 2020, the Company issued senior notes with a principal amount of US\$100,000,000 due in 2024 ("US\$100m Senior Notes"). The senior notes are interest bearing at 4.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 17 September 2024. At any time and from time to time on or after 17 September 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xv) On 19 October 2020, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2025 ("US\$300m Senior Notes"). The senior notes are interest bearing at 5.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 19 October 2025. At any time and from time to time on or after 19 October 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

16. SENIOR NOTES (CONTINUED)

Notes: (continued)

- (xvi) On 14 December 2020, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2026 ("US\$300m Senior Notes"). The senior notes are interest bearing at 4.85% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 14 December 2026. At any time and from time to time on or after 14 December 2024, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xvii) On 13 January 2021, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2028 ("US\$300m Senior Notes"). The senior notes are interest bearing at 4.5% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 13 January 2028. At any time and from time to time on or after 13 January 2025, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xviii) On 12 April 2021, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2025 ("US\$300m Senior Notes"). The senior notes are interest bearing at 4.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 12 July 2025. At any time and from time to time on or after 12 July 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xix) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.
- (xx) Redemption call options represent the fair value of the Company's options to early redeem the senior notes and are recorded as derivative financial instruments under "Trade and other receivables, prepayments and other assets" (note 12). The assumptions applied in determining the fair value of the redemption call options as at 30 June 2021 and 31 December 2020 are set out in note 26.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

17. CORPORATE BONDS

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Corporate bonds due in 2021	3,372,000	3,372,000
Corporate bonds due in 2022	5,026,000	5,026,000
Corporate bonds due in 2023	1,000,000	1,000,000
Corporate bonds due in 2024	5,510,000	5,510,000
Corporate bonds due in 2025	6,774,000	5,000,000
	21,682,000	19,908,000
Analysed into:		
Repayable:		
Within one year	9,918,000	4,372,000
In the second year	7,764,000	5,026,000
In the third to fifth years, inclusive	4,000,000	10,510,000
	21,682,000	19,908,000
Portion classified as non-current liabilities	(11,764,000)	(15,536,000)
Current liabilities	9,918,000	4,372,000
Bank and other loans classified as other current liabilities based on the accumulated pre-sales/sales amount/area of the property development projects	1,241,800	2,067,252
Total other current liabilities	11,159,800	6,439,252

Notes:

- (i) On 25 July 2016, Shenzhen Logan issued non-public domestic corporate bonds on Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB3,000,000,000 was 5.15% per annum. The terms of the domestic corporate bonds were 5 years. At the end of third year, Shenzhen Logan shall be entitled to adjust the coupon rate of domestic corporate bonds and bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 25 July 2019, Shenzhen Logan had adjusted the coupon rate of corporate bonds from 5.15% per annum to 6.00% per annum and the corporate bonds with an aggregate principal amount of RMB1,028,000,000 were sold back to Shenzhen Logan; the corporate bonds with a remaining principal amount of RMB1,972,000,000 is due in July 2021 and were classified as a current liability as at 30 June 2021.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

17. CORPORATE BONDS (CONTINUED)

Notes: (continued)

- (ii) On 21 October 2016, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,400,000,000 was 3.4% per annum. The terms of the domestic corporate bonds were 5 years. At the end of third year, Shenzhen Logan shall be entitled to adjust the coupon rate of domestic corporate bonds and bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 20 October 2019, Shenzhen Logan had adjusted the coupon rate of corporate bonds from 3.4% per annum to 5.2% per annum and the corporate bonds with a principal amount of RMB1,400,000,000 is due in October 2021 and were classified as a current liability as at 30 June 2021.

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

On 1 February 2020, Shenzhen Logan had adjusted the coupon rate of first tranche of corporate bonds from 6.99% per annum to 5.40% per annum and the corporate bonds with an aggregate principal amount of RMB1,290,000,000 were sold back to Shenzhen Logan; the first tranche of corporate bonds with a remaining principal amount of RMB710,000,000 are due in February 2022 and were classified as a current liability as at 30 June 2021. On 22 March 2020, Shenzhen Logan had adjusted the coupon rate of second tranche of corporate bonds from 7.20% per annum to 4.90% per annum and the corporate bonds with an aggregate principal amount of RMB174,000,000 were sold back to Shenzhen Logan; the second tranche of corporate bonds with a remaining principal amount of RMB1,826,000,000 are due in March 2022 and were classified as a current liability as at 30 June 2021. On 21 May 2020, the third tranche of corporate bonds with a principal amount of RMB1,000,000,000 were fully paid before maturity. On 7 December 2020, the fourth tranche of corporate bonds with principal amount of RMB1,000,000,000 were fully paid before maturity.

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

On 20 November 2020, Shenzhen Logan had adjusted the coupon rate of corporate bonds from 5.98% per annum to 4.60% per annum. The corporate bonds were classified as a non-current liability as at 30 June 2021.

- (v) On 19 March 2019, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,510,000,000 was 5.50% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a current liability as at 30 June 2021.

- (vi) On 5 August 2019, Shenzhen Logan issued two tranches of private domestic corporate bonds. The coupon rates of the first and second tranches with principal amounts of RMB500,000,000 and RMB1,000,000,000 were fixed at 6.5% per annum and 6.2% per annum, respectively. The terms of the first and second tranches of corporate bonds were 5 years and 4 years, respectively. At the end of the third year and the second year, Shenzhen Logan shall be entitled to adjust the coupon rates of the first and second tranches of corporate bonds respectively and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The first tranche of corporate bonds was classified as a non-current liability as at 31 June 2021 and the second tranche of corporate bonds was classified as a current liability as at 30 June 2021.

17. CORPORATE BONDS (CONTINUED)

Notes: (continued)

- (vii) On 18 November 2019, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 5.09% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a non-current liability as at 30 June 2021.
- (viii) On 8 January 2020, Shenzhen Logan issued public domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,000,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a non-current liability as at 30 June 2021.
- (ix) On 15 April 2020, Shenzhen Logan issued non-public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,500,000,000 was 4.69% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a current liability as at 30 June 2021.
- (x) On 24 July 2020, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 4.69% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a non-current liability as at 30 June 2021.
- (xi) On 14 September 2020, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a non-current liability as at 30 June 2021.
- (xii) On 25 March 2021, Shenzhen Logan issued public domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB427,000,000 was 4.90% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a non-current liability as at 30 June 2021.
- (xiii) On 24 June 2021, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,347,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. The corporate bonds were classified as a non-current liability as at 30 June 2021.

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18. SHARE CAPITAL

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

	Six months ended 30 June 2021 (Unaudited)		Year ended 31 December 2020 (Audited)	
	Number of shares		Number of shares	
	'000	HK\$'000	'000	HK\$'000
Ordinary shares, issued and fully paid:				
At 1 January	5,520,131	552,013	5,502,860	550,286
Repurchase of shares	—	—	(3,746)	(375)
Issuance of shares in connection with the exercise of share options	948	95	21,017	2,102
At 30 June/31 December	5,521,079	552,108	5,520,131	552,013
RMB'000 equivalent at end of reporting period		436,809		436,727

Notes:

- Pursuant to section 37(3) of the Companies Law of the Cayman Islands, an amount equivalent to the fair value of the shares repurchased and cancelled of nil (Year ended 31 December 2020: HK\$49,038,000 (equivalent to approximately RMB44,793,000)) was transferred out from share capital and share premium (Year ended 31 December 2020: share capital and share premium) during the period.
- During the period, the subscription rights attached to 948,000 (Year ended 31 December 2020: 21,017,000) share options were exercised at the subscription price of HK\$7.430 (Year ended 31 December 2020: HK\$2.340 and HK\$7.430) per share, resulting in the issue of an aggregate of 948,000 shares for a total cash consideration of HK\$7,229,000 (equivalent to approximately RMB6,074,000) (Year ended 31 December 2020: HK\$54,202,000 (equivalent to approximately RMB48,905,000)) before expenses. An amount of HK\$1,413,000 (equivalent to approximately RMB1,189,000) (Year ended 31 December 2020: HK\$21,998,000 (equivalent to approximately RMB20,030,000)) was transferred from the share option reserve to the share premium account upon the exercise of the share options.
- During the period, 59,190,000 ordinary shares (Year ended 31 December 2020: 72,974,000) of HK\$0.10 each were purchased by the trustee (the "Trustee") of the Company's share award scheme at an average price of HK\$12.647 per share at a total consideration of approximately HK\$748,573,000 (equivalent to approximately RMB628,985,000). The shares have been classified as treasury shares.

19. SHARE OPTION SCHEME AND SHARE AWARD SCHEME

Share option scheme

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

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

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

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

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

Share option scheme (continued)

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

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

14,019,500 share options and 948,000 share options were forfeited and exercised, respectively, during the six months ended 30 June 2021. At the end of the reporting period, the Company had 101,004,500 share options outstanding under the Scheme.

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

Share award scheme

The Company operates a share award scheme (the “2020 Share Award Scheme”) which was adopted by the Company on 13 May 2020. Unless otherwise cancelled or amended, the 2020 Share Award Scheme will remain valid and effective for 15 years from the date of adoption. As at 30 June 2021, none of the shares purchased has been awarded under the 2020 Share Award Scheme.

The Trustee holds the shares in trust for the selected participants, until the shares become vested. The shares granted will be vested in the proportions and on the dates as set out in the relevant letters of grant issued by the Company. Vested shares will be transferred to the selected participants at no cost save that transaction fees and expenses will be payable by the selected participants as transferees.

20. PERPETUAL CAPITAL SECURITIES

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

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

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

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21. ACQUISITIONS OF SUBSIDIARIES

(a) Acquisitions of subsidiaries that are not a business

i) Six months ended 30 June 2021

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

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

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

21. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)**(a) Acquisitions of subsidiaries that are not a business (continued)****i) Six months ended 30 June 2021 (continued)**

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

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

ii) Six months ended 30 June 2020

During the period ended 30 June 2020, the Group acquired certain assets through acquisition of Dongguan Logan Junyu Property Development Co., Ltd. ("Dongguan Junyu") from an independent third party, acquisition of Zhuhai Hengqin Haojing Property Co., Ltd. ("Zhuhai Hengqin Haojing"), Huizhou Aoda Property Co., Ltd. ("Huizhou Aoda") and Huizhou Logan Junjing Property Co., Ltd. ("Huizhou Junjing") from a joint venture of the Group. Upon the completion of acquisitions, the acquired companies became wholly-owned subsidiaries of the Group, except for Zhuhai Hengqin Haojing and certain companies included in others below being a non-wholly-owned subsidiary. The following table summarises the financial information in relation to the acquisition of subsidiaries. Among subsidiaries acquired in the current period, certain subsidiaries were acquired from joint ventures at an aggregate consideration of RMB1,880 million.

NOTES TO INTERIM FINANCIAL INFORMATION

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21. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(a) Acquisitions of subsidiaries that are not a business (continued)

ii) Six months ended 30 June 2020 (continued)

	Zhuhai					Total (Unaudited) RMB'000
	Hengqin	Huizhou	Dongguan	Huizhou	Others	
	Haojing (Unaudited) RMB'000	Aoda (Unaudited) RMB'000	Junyu (Unaudited) RMB'000	Junjing (Unaudited) RMB'000	(Unaudited) RMB'000	
Other property, plant and equipment	257	319	539	89	352,913	354,117
Inventories	2,422,265	1,192,754	1,694,567	1,319,266	4,035,641	10,664,493
Trade and other receivables, prepayments and other assets	308,604	47,616	1,753	88,489	871,789	1,318,251
Tax recoverable	326,948	110,203	75,554	156,282	216,963	885,950
Cash and bank balances	1,169,544	776,083	599,949	1,795,985	962,344	5,303,905
Trade and other payables	(195,297)	(169,547)	(87,506)	(857,071)	(1,469,869)	(2,779,290)
Contract liabilities	(2,570,785)	(917,468)	(892,302)	(1,782,630)	(3,046,457)	(9,209,642)
Bank and other loans	(583,334)	(789,960)	(494,000)	(710,000)	(875,902)	(3,453,196)
Total identifiable net assets	878,202	250,000	898,554	10,410	1,047,422	3,084,588
Non-controlling interests	17,302	—	—	—	(29,474)	(12,172)
	895,504	250,000	898,554	10,410	1,017,948	3,072,416
Satisfied by:						
Cash consideration	895,504	250,000	—	10,410	332,379	1,488,293
Consideration payable included in trade and other payables	—	—	455,000	—	655,525	1,110,525
Reclassification from pre-existing interest in joint ventures and an associate to investment in a subsidiary	—	—	443,554	—	30,044	473,598
	895,504	250,000	898,554	10,410	1,017,948	3,072,416

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21. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)**(a) Acquisitions of subsidiaries that are not a business (continued)****ii) Six months ended 30 June 2020 (continued)**

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

	Zhuhai					Total
	Hengqin	Huizhou	Dongguan	Huizhou	Others	
	Haojing	Aoda	Junyu	Junjing		
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash consideration paid	(895,504)	(250,000)	—	(10,410)	(332,379)	(1,488,293)
Cash and cash equivalents acquired	1,169,544	776,083	599,949	1,795,985	962,344	5,303,905
Net inflow of cash and cash equivalents included in cash flows from investing activities	274,040	526,083	599,949	1,785,575	629,965	3,815,612

(b) Acquisitions of subsidiaries that are a business

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

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21. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(b) Acquisitions of subsidiaries that are a business (continued)

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

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

21. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(b) Acquisitions of subsidiaries that are a business (continued)

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

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

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

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

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

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22. DISPOSAL OF SUBSIDIARIES**(a) Disposal of subsidiaries**

The effect of such disposals on the Group's assets and liabilities is set out below:

	Six months ended 30 June 2021 (Unaudited) RMB'000
Net assets disposed of:	
Other property, plant and equipment	279
Deferred tax assets	16,770
Inventories	4,540,027
Trade and other receivables, prepayments and other assets	134,168
Tax recoverable	41,698
Cash and cash equivalents	633,272
Trade and other payables	(3,224,012)
Tax payables	(32,150)
Bank and other loans	(1,107,000)
Net assets attributable to the Group disposed of	1,003,052
Reclassification to investments in joint ventures at fair value at date of disposal	(97,672)
Gain on disposal of subsidiaries, net	3,592
Total consideration	908,972

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

	Six months ended 30 June 2021 (Unaudited) RMB'000
Cash consideration received	908,972
Cash and cash equivalents disposed of	(633,272)
Net cash outflow arising from disposal	275,700

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22. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(b) Deemed disposal of subsidiaries

The effect of such disposals on the Group's assets and liabilities is set out below:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net assets disposed of:		
Other property, plant and equipment	—	275
Deferred tax assets	1,012	—
Inventories	9,711,765	16,627,477
Trade and other receivables, prepayments and other assets	5,855	458,440
Tax recoverable	156	171,608
Cash and cash equivalents	6,048,559	2,493,113
Trade and other payables	(13,949,286)	(15,545,874)
Bank and other loans	(1,700,000)	(4,051,000)
Net assets attributable to the Group disposed of	118,061	154,039
Gain on deemed disposal of subsidiaries, net	(56,809)	9,317
Reclassification to investments in joint ventures at fair value at date of deemed disposal	61,252	163,356

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cash and bank balances deconsolidated and outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries	(6,048,559)	(2,493,113)

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

23. FINANCIAL GUARANTEES

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

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties (notes (i) and (ii))	49,238,441	38,446,624
Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures and associates, net of counter-guarantees from joint venture partners	5,280,554	5,935,273
Add: Counter-guarantees provided by joint venture partners to the Group	168,000	198,750
Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures and associates provided by the Group (note (iii))	5,448,554	6,134,023
Guarantees given to banks in connection with credit facilities granted to third parties	293,500	433,500
Counter-indemnities for guarantees issued in respect of various obligations of the Group (note (iv))	340,000	799,000
	55,320,495	45,813,147

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 TO INTERIM FINANCIAL INFORMATION

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23. FINANCIAL GUARANTEES (CONTINUED)

Notes:

- (i) As at 30 June 2021, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction banks, net of any auction proceeds as described below.

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

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

- (ii) The fair value of the guarantees at initial recognition and the ECL allowance are not significant as the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties.
- (iii) As at 30 June 2021, the Group provided guarantees to the extent of RMB5,448,554,000 (31 December 2020: RMB6,134,023,000) in respect of credit facilities granted to the joint ventures and associates. In addition, as at 30 June 2021, 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.

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

24. COMMITMENTS

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

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Contracted, but not provided for	25,012,671	17,832,312

NOTES TO INTERIM FINANCIAL INFORMATION

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25. RELATED PARTY TRANSACTIONS

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

	Notes	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Construction contracts income from related companies	(i)	86,929	—
Construction contracts income from joint ventures	(ii)	2,953,284	3,884,833
Construction contracts income from associates	(ii)	9,478	118,729
Project management service income from joint ventures	(ii)	238,286	281,463
Project management service income from associates	(ii)	1,480	58,838
Decoration income from joint ventures	(ii)	395,843	228,409
Decoration income from related companies	(i)	4,583	19,716
Decoration income from associates	(ii)	51,729	16,589
Design service income from related companies	(i)	64	1,734
Design service income from joint ventures	(ii)	34,741	60,379
Design service income from associates	(ii)	2,848	2,014
Rental income from related companies	(iii)	7,120	2,722
Rental income from joint ventures	(iii)	2,043	276
Interest income from joint ventures	(iv)	439,936	624,012
Interest income from associates	(iv)	54,665	57,681
Remuneration of key management personnel	(b)	35,824	25,254

Notes:

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

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30 June 2021

25. RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) Remuneration to key management personnel includes amounts paid to the directors and certain of the highest paid employees, is as follows:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Fees	1,811	1,880
Salaries, allowances and benefits in kind	12,373	19,907
Discretionary performance related bonuses	19,755	—
Retirement scheme contributions	253	133
Equity-settled share option expense	1,632	3,334
	35,824	25,254

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

For the Group's assets and liabilities not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed, (i) non-current portion of non-pledged time deposits, carrying amounts of the amounts due from joint ventures and associates included in investments in joint ventures and associates, bank and other loans and assets and liabilities under cross-border guarantee arrangements approximated to their fair values and were determined as Level 3; (ii) the fair values of the senior notes and certain corporate bonds were RMB24,095,600,000 with carrying amount of RMB23,453,975,000 and RMB14,274,537,000 with carrying amount of RMB14,174,000,000, respectively (31 December 2020: RMB26,283,550,000 with carrying amount of RMB25,125,916,000 and RMB12,473,242,000 with carrying amount of RMB12,400,000,000, respectively), and were determined as Level 1; and (iii) the fair values of the remaining corporate bonds were RMB7,538,555,000 with carrying amount of RMB7,508,000,000 (31 December 2020: RMB7,562,629,000 with carrying amount of RMB7,508,000,000), and were determined as Level 2.

NOTES TO INTERIM FINANCIAL INFORMATION

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

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

The fair values of carrying amounts of the amounts due from joint ventures and associates included in investments in joint ventures and associates and the non-current portion of cash and bank balances, bank and other loans and certain corporate bonds and assets and liabilities under cross-border guarantee arrangements have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of the senior notes and certain corporate bonds are calculated with reference to quoted market prices at the reporting date. The changes in fair value as a result of the Group's own non-performance risk for bank and other loans as at 30 June 2021 and 31 December 2020 were assessed to be insignificant.

Derivative financial instruments are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of derivative financial instruments are the same as their fair values.

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2021 (Unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Senior notes redemption call options	—	—	158,847	158,847

As at 31 December 2020 (Audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Senior notes redemption call options	—	—	300,030	300,030

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

Assets measured at fair value: (continued)

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

	30 June 2021 (Unaudited) RMB'000	30 June 2020 (Unaudited) RMB'000
Senior notes redemption call options		
At 1 January	300,030	100,328
Total (losses)/gains recognised in statement of profit or loss	(158,345)	29,998
Exchange realignment	17,162	2,190
At 30 June	158,847	132,516

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

	Valuation techniques	Significant unobservable inputs	Range	
			30 June 2021	31 December 2020
Senior note redemption call options	Residual method	Risk free rate	0.040% to 1.145%	0.043% to 0.498%
		Option adjusted spread	1.924% to 5.224%	1.750% to 4.129%
		Discount rate	1.965% to 5.321%	1.808% to 4.542%

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

The Group did not have any financial liabilities measured at fair values as at 30 June 2021 and 31 December 2020.

During the period, there were no transfer of fair value measurements between level 1 and level 2 and no transfer into or out of level 3 for both financial assets and financial liabilities (31 December 2020: Nil).

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27. EVENTS AFTER THE REPORTING PERIOD

On 6 July 2021, the Company issued green senior notes with a principal amount of US\$300,000,000 due in 2026. The green senior notes are interest-bearing at 4.7% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 6 July 2026. The details of the redemption price are disclosed in the relevant offering memorandum.

On 23 August 2021, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,500,000,000 was 4.7% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

28. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information was approved and authorised for issue by the board of directors on 26 August 2021.