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LOGAN

龙光集团

Logan Group Company Limited

龍光集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3380)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

INTERIM RESULTS HIGHLIGHTS

- The attributable contracted sales amounted to RMB73.64 billion, representing a year-on-year increase of 58.9%.
- Revenue amounted to RMB35.17 billion, representing a year-on-year increase of 13.3%.
- Core profit^{note 1} attributable to owners of the Company amounted to RMB5.58 billion, representing an increase of 4.6% as compared with the same period of last year.
- Net profit amounted to RMB6.50 billion. Core profit amounted to RMB5.86 billion. Core profit margin was 16.7%.
- The balance of cash and bank deposits amounted to RMB42.06 billion with a net debt-to-equity ratio of 60.8%, and asset/liability ratio (after deducting receipts in advance) of 69.0%, and cash to short term debt ratio of 1.85 times, and all the “three red lines” indicators were maintained in compliance. As recognition of our continuing financial stability, Fitch confirmed the Company’s international credit rating as BB, with the outlook upgraded to positive. Moody’s upgraded the rating of the Company to Ba2 and the outlook is stable.
- Financing costs continued to decline, with new financing costs of 4.6% for the period. As at 30 June 2021, the weighted average financing cost was 5.4%.
- The Group was selected into Hang Seng ESG 50 index, its sustainable development outcomes were recognised by international capital market.
- Declared an interim dividend in cash of HK49 cents per share, the dividend payout ratio continued to be stable. The total dividend accounted for approximately 40% of the core profit attributable to owners of the Company.

Note 1 Core profit is equal to net profit adjusted to changes in fair value of investment properties and derivative financial instruments and the relevant deferred tax, dividend withholding tax and equity-settled share option expense.

INTERIM RESULTS

The board of directors (the “**Board**”) of Logan Group Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
REVENUE	3	35,165,316	31,034,969
Cost of sales		<u>(25,700,116)</u>	<u>(20,100,618)</u>
Gross profit		9,465,200	10,934,351
Other income and gains, net	3	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		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		<u>(287,048)</u>	<u>(296,660)</u>
PROFIT FROM OPERATIONS		9,554,693	11,193,040
Finance costs	4	<u>(382,188)</u>	<u>(943,824)</u>
PROFIT BEFORE TAX	5	9,172,505	10,249,216
Income tax expense	6	<u>(2,672,077)</u>	<u>(3,964,165)</u>
PROFIT FOR THE PERIOD		<u>6,500,428</u>	<u>6,285,051</u>
Attributable to:			
Owners of the parent		6,181,928	6,157,484
Non-controlling interests		<u>318,500</u>	<u>127,567</u>
		<u>6,500,428</u>	<u>6,285,051</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RMB cents)			
Basic	7	<u>112.13</u>	<u>110.28</u>
Diluted		<u>111.69</u>	<u>109.41</u>

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)		
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of financial statements of group entities	<u>324,417</u>	<u>183,787</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>6,824,845</u>	<u>6,468,838</u>
Attributable to:		
Owners of the parent	6,506,345	6,341,271
Non-controlling interests	<u>318,500</u>	<u>127,567</u>
	<u>6,824,845</u>	<u>6,468,838</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

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

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

30 June 2021

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

For the six months ended 30 June 2021

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial information of the Group (the “**interim financial information**”) for the six months ended 30 June 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>
Amendments to HKFRS16	<i>Covid-19-Related Rent Concessions</i>

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 and the Singapore Interbank Offered Rate 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.

2. OPERATING SEGMENT INFORMATION

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

- (a) the property development segment develops and sells residential properties and retail shops;
- (b) the 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 3 below.

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

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

Information regarding the reportable segments is presented below.

For the six months ended 30 June 2021

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

For the six months ended 30 June 2020

(Unaudited)	Property development <i>RMB'000</i>	Development management <i>RMB'000</i>	Urban redevelopment <i>RMB'000</i>	Property operation <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>20,616,843</u>	<u>11,411,308</u>	<u>6,000,000</u>	<u>99,354</u>	<u>38,127,505</u>
Reportable segment profit	<u>5,029,410</u>	<u>3,415,851</u>	<u>3,750,193</u>	<u>78,090</u>	<u>12,273,544</u>

Reconciliation of reportable segment revenue and profit or loss

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	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	<u>35,165,316</u>	<u>31,034,969</u>
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	<u>9,172,505</u>	<u>10,249,216</u>

Geographical information

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

3. REVENUE, OTHER INCOME AND GAINS, NET

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	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
	<u>35,165,316</u>	<u>31,034,969</u>

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

For the six months ended 30 June 2020

(Unaudited)	Property development RMB'000	Development management RMB'000	Urban redevelopment RMB'000	Total RMB'000
Timing of revenue recognition:				
Goods transferred at a point in time	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	<u>20,616,843</u>	<u>4,349,695</u>	<u>6,000,000</u>	<u>30,966,538</u>

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

For the six months ended 30 June 2021

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

For the six months ended 30 June 2020

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

Other income and gains, net

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

	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	3,592	4,013
(Loss)/gain on deemed disposal of subsidiaries upon loss of control, net	(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	157,038	—
Gain on bargain purchase or disposal of joint ventures, net	59,757	—
Others	88,622	186,970
	<u>1,105,822</u>	<u>1,065,720</u>

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) 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
	<u>2,269,540</u>	<u>2,605,946</u>
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)
	<u>382,188</u>	<u>943,824</u>

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>(16,542)</u>	<u>(8,882)</u>
	<u>26,044</u>	<u>31,751</u>
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	(3,592)	(4,013)
Loss/(gain) on deemed disposal of subsidiaries upon loss of control, net	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	(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	<u>3,235</u>	<u>8,726</u>

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 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 (Unaudited) RMB'000	2020 (Unaudited) 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
	<u>2,577,979</u>	<u>4,130,012</u>
Deferred	94,098	(165,847)
	<u>2,672,077</u>	<u>3,964,165</u>

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

The calculation of the basic earnings per share amount for the six months ended 30 June 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.

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	2020
	(Unaudited)	(Unaudited)
	RMB'000	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)
	<u>6,102,509</u>	<u>6,073,699</u>
Profit used in the basic and diluted earnings per share calculations	<u>6,102,509</u>	<u>6,073,699</u>
	Number of shares	
	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	'000	'000
Shares		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the 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	<u>21,501</u>	<u>43,634</u>
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	<u>5,463,729</u>	<u>5,551,220</u>

8. 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).

9. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

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

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

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

An ageing analysis of the trade receivables (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
	<u>1,957,038</u>	<u>1,038,943</u>

10. 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
	<u>23,319,624</u>	<u>21,683,379</u>

The trade payables are non-interest-bearing.

11. DIVIDEND

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

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

12. 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 Holdings Co., Ltd. (“**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.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of 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 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.

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.

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 selling prices are in line with the Group's expectation, therefore bringing revenue and profit to the Group in the future.

Region	Attributable contracted sales in the first half of 2021				
	Amount (RMB million)	Percentage	Total GFA ¹ (sq.m.)	Percentage	ASP ¹ (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	<u>73,637</u>	<u>100%</u>	<u>3,904,961</u>	<u>100%</u>	<u>18,589</u>

Note:

1. Excluding car parking spaces

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-Macau Greater Bay Area and Yangtze River Delta Region accounted for about 85%, if calculated by land value.

Land reserves as at 30 June 2021

	GFA <i>(sq.m.)</i>	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	<u>41,805</u>	<u>0.1%</u>
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	<u>59,695,129</u>	<u>69.8%</u>
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	<u>9,234,026</u>	<u>10.8%</u>
Total	<u><u>85,557,351</u></u>	<u><u>100.0%</u></u>
Land cost (<i>RMB per sq.m.</i>)	<u><u>5,382</u></u>	

FINANCIAL REVIEW

Performance Highlights

	For the six-month period ended 30 June		
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	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 (<i>sq.m.</i>) ¹	1,823,474	1,265,658	44.1
— ASP of properties delivered ¹ (<i>RMB/sq.m.</i>)	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

	30 June 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>	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: $\text{Gross profit} \div \text{revenue} * 100\%$
- (3) Core profit margin: $\text{Core profit} \div \text{revenue} * 100\%$
- (4) Net debt-to-equity ratio: $(\text{Total bank and other borrowings} - \text{cash and bank balances}) \div \text{total equity} * 100\%$
- (5) Liability to asset ratio: $\text{Total liabilities deducting contract liabilities} \div \text{total assets deducting contract liabilities} * 100\%$

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.

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	<u>27,667</u>	<u>100%</u>	<u>1,823,474</u>	<u>100%</u>	

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	Amount	Area	Amount
	sq.m.	RMB'000	sq.m.	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 (佛山綠璟瓏府)	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	—	—
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 (柳州玖瓏府)	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	—	—

	For the six-month period ended 30 June			
	2021		2020	
	Area <i>sq.m.</i>	Amount <i>RMB'000</i>	Area <i>sq.m.</i>	Amount <i>RMB'000</i>
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 (佛山龍濱嘉園)	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	<u>1,823,474</u>	<u>27,667,193</u>	<u>1,265,658</u>	<u>20,616,843</u>

Notes:

1. Excluding the GFA attributable to the car parking spaces

(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	2020	Changes
	RMB'000	RMB'000	%
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.

(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%.

CORPORATE GOVERNANCE AND EMPLOYEE MOTIVATION

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

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

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

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

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 2021 interim results announcement and the unaudited interim financial information of the Group for the six months ended 30 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiries, the Company confirmed that all the directors have complied with the required standard set out in the Model Code during the six months ended 30 June 2021.

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.

PUBLICATION OF INTERIM REPORT

The 2021 interim report of the Company containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.logangroup.com>) in due course.

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

Hong Kong, 26 August 2021

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