



越秀地產股份有限公司

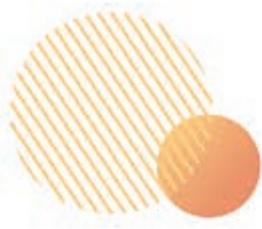
YUEXIU PROPERTY COMPANY LIMITED

Stock Code: 00123



WHERE GOOD
LIVING STARTS

INTERIM REPORT 2021





CONTENTS

Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	11
Report on Review of Condensed Consolidated Interim Financial Information	31
Condensed Consolidated Statement of Profit or Loss	32
Condensed Consolidated Statement of Comprehensive Income	33
Condensed Consolidated Balance Sheet	34
Condensed Consolidated Statement of Cash Flows	36
Condensed Consolidated Statement of Changes in Equity	38
Notes to the Condensed Consolidated Interim Financial Information	40
Other Information	72

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr Lin Zhaoyuan (Chairman)
Mr Lin Feng
Mr Li Feng
Ms Chen Jing
Ms Liu Yan

NON-EXECUTIVE DIRECTOR

Mr Ouyang Changcheng

INDEPENDENT NON-EXECUTIVE DIRECTORS & AUDIT COMMITTEE MEMBERS

Mr Yu Lup Fat Joseph
Mr Lee Ka Lun
Mr Lau Hon Chuen Ambrose

COMPANY SECRETARY

Mr Yu Tat Fung

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
Wing Lung Bank Limited
DBS Bank Ltd.
China Construction Bank (Asia) Corporation Limited
Agricultural Bank of China Limited

WEBSITES TO ACCESS COMPANY INFORMATION

<http://www.yuexiuproperty.com>
<http://www.irasia.com/listco/hk/yuexiuproperty>
<http://www.hkexnews.hk>

REGISTERED OFFICE

26th Floor
Yue Xiu Building
160 Lockhart Road
Wanchai, Hong Kong

SHARE REGISTRAR

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

LISTING EXCHANGE

SHARES

The Stock Exchange of Hong Kong Limited

STOCK CODES

The Stock Exchange of Hong Kong Limited - 00123
Reuters – 123.HK
Bloomberg – 123 HK

INVESTOR RELATIONS

For further information about
Yuexiu Property Company Limited,
please contact:
Mr Michael Jiang
Email: ir@yuexiuproperty.com

CHAIRMAN'S STATEMENT

I. BUSINESS REVIEW

ECONOMIC AND MARKET ENVIRONMENT

Benefiting from the acceleration of global vaccination in the first half of 2021, the effective control of the COVID-19 pandemic, and the large-scale economic stimulus policies implemented by the world's major economies, global economic growth has recovered rapidly. The United States and Europe have experienced rapid economic growth, and emerging markets and developing economies have also achieved rapid rebounds. China has achieved remarkable results in coordinating economic growth and pandemic prevention and control. The macro-economy continues to recover and develop steadily and maintains a steady upward trend. In the first half of 2021, the gross domestic product increased by 12.7% period-to-period, with an average growth rate of 5.3% in two years. Major economic indicators such as consumption, investment and exports have improved significantly period-to-period. The economic growth rate is at the forefront of the world's major economies. Despite the impact of the pandemic and the complicated and volatile international environment, the central government continues to increase support for the economy through fiscal and monetary policies. New industries, new business segments and new business models continue to maintain rapid growth, promote the optimization and upgrading of China's economic structure and industrial structure, and become a new momentum for China's economic development.

In the first half of 2021, in response to the rapid rebound of the macro economy and the effective control of the pandemic, the overall performance of the China's property market has been improving. The property market transaction remained active, and the demand in major markets exceeded supply. Both transaction volume and selling price went up, and stayed at a high level. However, the market differentiation in different regions and cities was obvious. The main markets in tier-1 and tier-2 cities continued to achieve strong sales, with the demand exceeding supply and prices increasing significantly, while the markets in tier-3 and tier-4 cities showed differentiation with prices at stable level. Rigid and improved demands dominate the market. In the first half of 2021, national real estate investment grew at a faster pace, representing a period-to-period increase of 15%. The commodity housing contracted sales value in China was approximately RMB9.3 trillion, representing a period-to-period increase of 38.9%, of which the contracted sales value of residential housing increased by 41.9% period-to-period. The GFA of commodity housing sales was approximately 0.89 billion sq.m., representing a period-to-period increase of 27.7%. The property market has gathered momentum towards signs of a strong recovery, acting as a pillar to support the recovery of the national economy.

In the first half of the year, property regulatory policies remained to be based on the general principle of "housing for living instead of speculation" and "region-specific regulatory policies", and for "stabilising land prices, housing prices, and expectation". The regulatory policies were tightened. Since the second quarter of the year, the regulatory policies have been continuously intensified in those cities with hot markets, with focus on restrictions on purchases and loans, the guidance and management of housing prices, and more refined and precise industry regulation. With the tightened control on the capital side of the industry, "Three Red Lines" and the "Concentration" management of real estate loans and personal housing loans of financial institutions have been continuously strengthened, to ensure the stability of housing prices and the healthy development of the property market. In terms of the land market, during the first half of the year, 22 key cities across the country began to implement the "two centralised" land management on a trial basis, namely to publish land supply announcements and conduct land auction activities on a centralised basis, in order to improve the transparency and planning of land supply, stabilise the expectations to the land market, reduce the premium caused by land competition, and stabilise land prices and housing prices. From the situation of the first batch of centralised land auctions in various cities in the first half of the year, we could see that the effects of centralised land auctions were obviously differentiated. The land market competition remained fierce in major tier-1 and tier-2 cities, and quality land parcels with significant location advantages remained to be in a fierce competition with relatively high land premiums.

CHAIRMAN'S STATEMENT

In the first half of 2021, the Group centered on the annual work theme of "improving structure and opening new beginning, strengthening capability and improving quality", adhered to the strategy of focusing on operation and pandemic prevention and control, seized the opportunity resulting from strong recovery and growth of the macro economy and property market, to achieve steady growth in various businesses. On 28 June, the Group successfully spun off Yuexiu Services, which is now listed on the Hong Kong Stock Exchange. With the Hong Kong Public Offer and Global Offering receiving oversubscription by multiple times, and the net proceeds from the Listing and the exercise of the Over-allotment Option amounted to HKD1.96 billion. As a result, a good development platform for the Group's property management business has been created to lay a foundation for rapid development.

CONTINUOUS AND STEADY GROWTH IN OPERATING RESULTS

The Group realised revenue of approximately RMB24.24 billion for the first half of the year, representing a period-to-period increase of 2.2%. Gross profit margin was approximately 26.8%, representing a period-to-period decrease of 1.2 percentage points. Profit attributable to equity holders was approximately RMB2.30 billion, representing a period-to-period increase of 15.3%. Core net profit was approximately RMB2.10 billion, representing a period-to-period increase of 5.6%. Unrecognised sales value as of 30 June 2021 was RMB137.38 billion, representing an increase of 14.8% comparing with the beginning of the year.

The Board recommended to declare an interim dividend for 2021 of HKD0.326 per share (equivalent to RMB0.271 per share), representing a period-to-period increase of 14.4%.

CONTRACTED SALES HAVE GROWN STEADILY AND HIT RECORD HIGH

The Group made full use of the opportunity resulting from effective control of the domestic pandemic and continued market recovery, implemented active and effective marketing strategies, innovated sales methods, strengthened online and offline integrated marketing, and accelerated the pace of development and ensured sales supply. Although pandemic in Guangzhou reoccurred from May to June this year, which had a certain negative impact on our sales in Guangzhou, the Group actively took effective measures to prevent and control the pandemic, and the contract sales in the first half of the year still achieved rapid growth with the contracted sales value reaching a record high. In the first half of the year, the Group recorded contracted sales value (including contracted sales by joint venture projects) of approximately RMB47.38 billion, representing a period-to-period increase of 26.1%, and achieved 42.2% of the full year contracted sales target of RMB112.2 billion; the average selling price was approximately RMB26,400 per sq.m., representing a period-to-period increase of 6.9%.

In the first half of the year, with the tightened regulatory policies in the Greater Bay Area and the increasingly differentiated markets, the Group continued to deeply cultivate the Greater Bay Area market, and the contracted sales in the Greater Bay Area reached a new high level. In the first half of the year, the Group achieved contracted sales value of approximately RMB33.67 billion in the Greater Bay Area, representing a period-to-period increase of 50.4%, and accounting for approximately 71.1% of the Group's contracted sales value. The Group achieved rapid growth in contracted sales in Guangzhou, its home base market, and achieved contracted sales value of approximately RMB26.59 billion, representing a period-to-period increase of 31.3% and accounting for approximately 56.1% of the Group's contracted sales value. In the first half of the year, according to the ranking by CRIC (克爾瑞), the Group's total contracted sales value and attributable contracted sales value ranked first in the Guangzhou market.

The Group continued to deepen the implementation of the "1+4" national strategic layout. In addition to deep cultivation of the Greater Bay Area market, the Group continued to expand its business in Eastern China, Central China, Northern China and Southwestern China. In the first half of the year, the Group successfully and strategically entered into key cities such as Beijing, Dongguan, Ningbo and Bijie and hence 25 cities are covered for national layout, and the regional layout continued to be optimised.

CHAIRMAN'S STATEMENT

INCREASE HIGH-QUALITY LANDBANK THROUGH DIVERSIFIED AND UNIQUE CHANNELS

In response to implementation of the centralised land auctions in major cities during the period, the Group actively studied the changes and impacts of the centralised land auction policy, strengthened research on the local market, and maintained active communication with relevant government departments to formulate corresponding response strategies. In the first half of the year, the Group acquired premium land parcels in the first batch of centralised land auctions. Especially in the Guangzhou market, the Group's home base market, a number of high-quality land parcels were obtained at reasonable prices, which provides ample resources for the continuous and steady growth of the Group.

Through utilization of the diversified and unique land acquisition platforms, the Group acquired 23 new parcels of lands in Guangzhou, Dongguan, Hangzhou, Suzhou, Nanjing, Ningbo, Wuhan, Changsha, Beijing, Chongqing and Bijie in the first half of the year at a reasonable premium, with a total GFA of approximately 5.00 million sq.m. and an attributable GFA of approximately 2.74 million sq.m.. Among which, the Group acquired 8 premium land parcels in Guangzhou, representing approximately 2.51 million sq.m. and continued to consolidate the Group's leading market position in Guangzhou. The Group continued to improve and upgrade "6+1" unique and diversified land acquisition platform with TOD, urban renewal, city operation, cooperation with SOEs, mergers and acquisitions, industry-driven acquisitions and open market auction, enhancing the Group's land acquisition ability.

During the period, the Group continued to acquire three premium land parcels under the city operation model, with a total GFA of approximately 1.49 million sq.m., and hence the landbank of city operation reached 2.9 million sq.m. with 7 projects. The TOD landbank increased by approximately 0.21 million sq.m., with a new land parcel through TOD development model. The channel of cooperation with SOEs continued to be optimised, with land acquisition of approximately 0.33 million sq.m.. The land acquisition of the Group in the first half of the year through non-open-market accounted for 50.9% by GFA, with 4.2% through TOD, 29.8% through city operation and 6.6% through cooperation with SOEs. The Group acquired new lands in a diversified manner and the land costs were effectively controlled.

As of the end of June, the total landbank of the Group amounted to approximately 28.09 million sq.m. located in 25 cities in China, which can meet the Group's continuous development for three to five years. The Group continued to increase prime landbank in the Greater Bay Area. The total landbank in the Greater Bay Area and Guangzhou amounted to approximately 15.35 million sq.m. and 13.35 million sq.m. respectively, accounting for approximately 54.6% and 47.5% of the total landbank respectively.

DEEPENING OF TOD DEVELOPMENT STRATEGY

In the first half of the year, the Group successfully acquired a TOD project in Guangzhou and increased 0.21 million sq.m. of landbank for the TOD projects. As of the end of June, the Group had a total of 6 TOD projects under development. The total landbank of TOD projects reached 4.06 million sq.m., accounting for approximately 26.5% of the landbank in the Greater Bay Area and 14.5% of the total landbank of the Group.

The Group's TOD projects in Guangzhou continued to achieve strong sales in the first half of the year, with a total contracted sales value of approximately RMB7.60 billion, representing a period-to-period increase of 50.7%. Among these projects, Yue Galaxy achieved a contracted sales value of approximately RMB2.50 billion, representing a period-to-period increase of 171.8%, while Yue Infinity achieved a contracted sales value of approximately RMB2.53 billion, representing a period-to-period increase of 139.7%.

The Group actively sought opportunities beyond the Greater Bay Area for new TOD projects. Through in-depth cooperation with local SOEs with potential TOD projects, the Group would enter these new markets through TOD model. The TOD strategy is an important development strategy of the Group, which forms an important support for the Group's strategic planning during the "14th Five-Year Plan" period. The Group has become one of the largest TOD property developers in China. The TOD business will support the continuous growth for the Group.

CHAIRMAN'S STATEMENT

IMPROVEMENT IN OPERATION MANAGEMENT AND CONTROL SYSTEMS

The Group continued to improve the organisational management and control system in light of the continuous growth toward a nationwide business presence. The Group comprehensively implemented the 3.5-level operational management and control system, refined its headquarters, strengthened regions, and well managed its projects. The Group optimised product strategy, the design operational system, product standard system and project management system, and set up unique TOD product line and service system. The Group strengthened the full-cycle operation management of its projects to accelerate the turnover and development efficiency, and strengthened the cost management of its projects to improve the efficiency of cost management. Guided by both strategy and performance, the Group continued to optimise the human resource management system, strengthen external introduction and internal training for key talents and establish a talent bank to support the stable development of the Group. The Group continued to optimise the evaluation and incentive system, and strengthen performance evaluation and employee incentive measures, optimise its implementation of project co-investment mechanism and the share incentive scheme for key employees. The combination of both short term and long-term incentives have remarkably promoted the staff initiatives and supported the business growth of the Company.

CONTINUED ENHANCEMENT OF OPERATION CAPABILITY FOR COMMERCIAL PROPERTIES

In the first half of the year, with the popularization of vaccination and the effective control of the pandemic, the business performance of office buildings, retail shopping malls, hotels and apartments in mainland China also saw gradual recovery. The vacancy ratio of office buildings and retail shopping mall declined with a stable rental rate in key domestic cities. In the first half of the year, Guangzhou's economy continued to recover steadily. The office building market continued to pick up and transactions became active. TMT, financial sectors and professional service companies had strong leasing demand. The occupancy rate and rental rates of the Group's office buildings in Guangzhou remained stable.

The Group upheld the strategy of "Coordinated Residential and Commercial Development" and strived to continuously enhance its operation capability for commercial properties. In the first half of the year, in the context of an effective pandemic control in China, the Group actively studied the economic momentum and industrial momentum of the cities where we have entered, optimised the operation methods and strategies for various business segments, expanded tenant acquisition channels, optimized customer structures, actively increased income and reduced expenditures, implemented strict management, and effectively controlled operating costs, which resulted in a steady growth in revenue from commercial property operation. In the first half of the year, the Group recorded a rental income from commercial properties of RMB0.35 billion, representing a period-to-period increase of 20.1%. Yuexiu REIT, in which the Group holds 38.35% interest, recorded a revenue of approximately RMB0.88 billion in the first half of the year, representing a period-to-period increase of 6.1%. The Group's Guangzhou Yuexiu Financial Tower located in Zhu Jiang New Town, Guangzhou achieved excellent operation results, recording an occupancy rate of approximately 91.4% at the end of the period and a rental income of RMB0.19 billion, representing a period-to-period increase of 4.4%. The office building segment of Yuexiu REIT continued to perform stably, with a stable rental level and a rental income of RMB0.47 billion in the first half of the year, demonstrating a strong anti-cyclical and anti-risk ability. The operation of the retail property segment remained stable, and the revenue from hotels and apartments rebounded strongly, up 62.8% period-to-period.

CHAIRMAN'S STATEMENT

SOUND FINANCIAL POSITION WITH THE “THREE RED LINES” INDICATORS OF THE GROUP CONTINUING TO BE IN “GREEN LIGHTS”

The Group had a healthy and sound financial condition. As of the end of June, the Group's cash and cash equivalents and charged bank deposits amounted to approximately RMB40.00 billion, representing an increase of 7.2% comparing with the beginning of the year, and showing adequate liquidity. With the net gearing ratio of 49.8%, the gearing ratio (excluding unearned revenue) of 69.4%, and the cash to short-term debt ratio of 1.8 times, the “Three Red Lines” indicators of the Group remained in “green lights”. With sufficient liquidity, the Group has a strong short term solvency capacity as well as a sound capital structure.

The Group actively expanded financing channels, strengthened capital management, improved capital utilisation efficiency, and continued to reduce funding costs. During the Period, the average borrowing interest rate for the Group decreased by 26 bps period-to-period to 4.45%. In the first half of the year, the Group took advantage of the market window and successfully issued offshore five-year US bonds of USD650 million and ten-year US bonds of USD150 million with a coupon rate of 2.8% and 3.8% respectively, for the repayment of existing offshore indebtedness. The financing costs hit a record low for the Group in its issuance of offshore bonds. The Group continued to maintain its credit ratings of investment grade by Moody's and Fitch.

Under the circumstance that the government has been tightening its regulation over the financing of real estate industry, the Group maintained financial stability and sufficient cash flow. At the same time, the Group properly arranged for onshore and offshore financing and expanded financing channels.

II. BUSINESS OUTLOOK

Looking forward to the second half of 2021, even though the COVID-19 pandemic has been initially contained throughout the world, the recovery and growth of global economy are still highly uncertain and reversible as the pandemic may resurge. The pandemic will continue to affect the recovery momentum of global economic growth for a period of time. The aggravation of global inflation and tightening of liquidity will result in instabilities of the global economic growth and financial market. Besides, unstable China-US relations and various geopolitical problems will pose potential risks to the global economy's growth. China led the way in economic recovery during the pandemic and saw a strong rebound in its economy. However, under the great pressure from the prevention and control of the pandemic, the foundation of China's economic recovery remains unstable as there are various uncertainties from external environment and the macro-economy is still under the recovery. In the second half of 2021, stabilising economic growth will remain to be the main goal of economic work. The Chinese government is expected to continue to intensify its efforts to stabilise macroeconomic growth, implement a proactive fiscal policy and a prudent monetary policy, maintain flexibility in the implementation of microeconomic policies and continue to create a new development pattern that focuses on domestic circulation, and international circulation that would be in synergy with international circulation, so as to consolidate the foundation of economic recovery and promote the high-quality development of the economy.

In respect of the property policies, the government's regulatory policies will remain stable by consistently focusing on positioning “housing for living instead of speculation”, so as to stabilise land premium, housing price and expectation. It is expected that property regulatory policies in core cities will be tightened, the regulation in terms of market, land and capital will be further strengthened and more precise. Each local government will implement region-specific policies in consideration of local situation, and regulate flexibly to keep the stable development of the property industry and the market.

CHAIRMAN'S STATEMENT

For the second half of the year, in terms of property market, both rigid and improved demand will still dominate the overall market, and the total market transaction size and price will remain stable. However, the market performance in different levels of cities and different regions will still show obvious differentiation, and the market concentration of industry will keep increasing. The demand in megalopolis and metropolitan areas including the Greater Bay Area and the Yangtze River Delta remains strong, but the level of control will also be strengthened. The government will enhance land supply, and optimise and implement policies and manners of centralised transfer of land for the second half of the year according to the situation of centralised transfer of first batch of lands for the first half of the year. It is expected that the demand for land in tier-1 and tier-2 cities will still exceed supply with fierce competition, but the overall performance of land market will gradually become rational under tightening control on capital side of property developers. The government will continue to strengthen supervision for property developers. "Three Red Lines" and loan concentration management of financial institutions will result in a tightened financing environment for property developers, with different effect on different property developers.

ACHIEVING VARIOUS ANNUAL OPERATION TARGETS

For the second half of the year, the Group will continue to study market environment and policies change and grasp any opportunities in the market to achieve the annual sales and various operating goals it has set. In terms of sales, the Group will seek to achieve full year sales target and cash collection rate by formulating sales strategies based on the "one city, one policy" and "one project, one policy", and ensuring supplies, sales, and cash collections. In terms of operations, the Group will accelerate project development and guarantee sufficient supplies in sales to ensure that projects are delivered and completed as scheduled. The Group will continue to improve product competitiveness, optimise the standardised product system, upgrade unique TOD product line and service system, enhance and optimise life-cycle operation management system of projects and accelerate turnover and development efficiency of projects.

SOLIDIFY DIVERSIFIED AND UNIQUE LAND ACQUISITION PLATFORMS

The Group will continue to reinforce "6+1" diversified and unique land acquisition platforms and increase premium landbank, laying a foundation for continuous and stable development. The Group will continue to deepen its strategic cooperation with Guangzhou Metro Group and improve the unique TOD model, and increase premium TOD projects in the Greater Bay Area. Meanwhile, the Group will actively expand cooperation with SOEs in other cities and develop TOD projects outside Greater Bay Area. City operation is also an important land acquisition model of the Group. Through construction of urban public facilities, the Group is able to obtain premium landbank with reasonable cost. The Group will further obtain premium landbank through model of urban renewal, facilitate the reconstruction of Lirendong Village, Guangzhou and Dongliu Village, Nansha as planned, and meanwhile actively explore new urban renewal projects. As a state-owned enterprise, the Group will strengthen cooperation with various types of state-owned enterprises to jointly develop their existing landbank. The Group will introduce internal and external industrial resources to strengthen model of industry-driven land acquisitions. The Group will study the opportunities of mergers and acquisitions for the Group to increase premium landbank. In terms of obtaining open market land, the Group will fully study the trend of policies change, market and industry cycle, focus on acquiring projects with high turnover rate and optimise landbank structure by strengthening market research, better understanding with rules and policies, strict investment standards for optimizing landbank portfolio. For the region layouts, the Group will continue to deepen "1+4" national strategic layout focusing on investing in the Greater Bay Area, and allocate reasonable investment resources in other regions.

CHAIRMAN'S STATEMENT

CONTINUOUSLY IMPROVE IN OPERATIONAL AND ORGANIZATIONAL CAPABILITIES

The Group will continue to implement the 3.5-level control system to optimise operations and controls, strengthen headquarters and regions, and accomplish projects target, to support the Group's "1+4" national regional layout strategy. The Group will uphold the operational principle of "quality product, quality service, quality brand and excellent team" to optimise product positioning, design operating system and product standardisation system and engineering management system. In the meantime, the Group continues to improve the unique TOD product lines and the service system. The Group will strengthen the full-cycle operation and management of projects to accelerate the turnover and development efficiency of projects and strengthen cost management continuously to enhance cost management efficiency.

Guided by both strategies and performance, the Group will strengthen external introduction and internal training for key talents and improve performance evaluation and incentive mechanism. Furthermore, the Group will continue to improve its implementation of project co-investment mechanism and the share incentive scheme for key employees. The Group puts customer needs at the center of the business. For a better property owner's life cycle experience, the Group comprehensively manages its relationships with clients, provides quality products and services, and continues to improve customer satisfaction.

STEADY ENHANCEMENTS IN COMMERCIAL OPERATIONS

In the second half of 2021, with the rapid recovery of the macro economy, internal circulation will be strategically speeded up due to continuous effect of macroeconomic policies, constant strengthening of tertiary industries growth momentum and continuous growth of new momentum in industries including financial industry and technology industry. The growth of consumption may become the major impetus of economic growth. Further implementing the development strategy of "Coordinated Residential and Commercial Development", the Group will focus on improving both the capacity and efficiency in commercial property operations and elevating the operation standard to realise the breakthrough of scale development. First, by researching cities, industries, markets, and customers, the Group will seek for economic momentum, industrial momentum, and business momentum to support the operation of commercial projects, optimise project positioning and customer structures and implement effective rental policies. The Group will continue to enhance its operational efficiency and commercial property values by increasing its operational capabilities throughout its commercial properties. Next, the Group will proactively promote an asset management model and asset-light management model for commercial properties, and continue to expand the management scale and efficiency of commercial properties.

ENSURING FINANCIAL PRUDENCE AND SECURITY

In response to liquidity risks resulting from more stringent control policies and uncertainties in the market environment, the Group will strengthen the management of cash flows from operating activities and conduct the overall management of onshore and offshore funds to increase efficiency in capital utilisation. The Group will focus on accelerating sales and cash collection to increase the collection rate. The Group will continue to ensure no breach of any of the "Three Red Lines", being in "green lights". Moreover, the Group will fully utilise diversified financing channels at onshore and offshore markets to maintain reasonable financing costs. Meanwhile, the Group will optimise its debt structure and the rate of interest borne. The Group will reduce foreign exchange exposure and effectively control exchange rate fluctuation risks. To identify and prevent risk, the Group will optimise its financial risk monitoring system. The Group will continue to maintain its investment-grade credit ratings of Moody's and Fitch.

CHAIRMAN'S STATEMENT

STEADILY PROMOTING QUALITY DEVELOPMENT OF DIVERSIFIED BUSINESS SEGMENTS

The Group will steadily promote sound development of diversified business segments related to real estate. With respect to the property management, through leveraging on the opportunity from the listing of Yuexiu Services on the Hong Kong Stock Exchange, the Group will accelerate the expansion in business scale and financial performance of property management, with a focus on the development of value-added services to non-property owners and community value-added services, and strive to enhance customer satisfaction. With respect to the healthcare business, the Group will make full use of favorable national policies which provide comprehensive supports to the elderly care sector. By building up an operation and service system of middle to high-end elderly care and medical care complex, with elderly care institutions, apartments and rehabilitation hospitals as the core products, the Group will enhance the planning and deployment of facilities for community elderly care, actively develop community elderly care services and continue to promote the elderly care business brand of Yuexiu Health Care Group (越秀康養集團) that ranks No.1 in Guangzhou and takes a leading position in the Greater Bay Area market. With respect to long-term rental apartment business, by taking the opportunity arising from the increase of land supply, tax and fee reduction and supportive policies implemented by the government, the Group will accelerate its apartment rental business through multi-platforms, multi-channels and multi-dimensions, particularly focusing on advancing the asset-light strategy for long-term rental apartments, with an aim to grow as a leading operating management company in the industry with core operational capabilities and asset management ability. The Group will focus on the development of new business segments related to real estate and further promote its "Properties+" business. The Group will work together premium educational resources in the Greater Bay Area and quality education brands nationwide to support business development in "+Education" and steadily promote other new businesses, such as "+Industries" and "+Towns".

ACKNOWLEDGEMENTS

Adhering to the high-quality, continuous and steady development, the Group will endeavor to realise sustainable and stable growth in various businesses and operating results with aggressive and pioneering efforts, and constantly strive to improve the rate of return on shareholder capital and value. With respect to the Group's achievements in remarkable results and development in a variety of businesses, I would like to take this opportunity to extend my gratitude to the Board of Directors for their strong leadership and all our staff for their relentless endeavors, as well as to express my deepest appreciation to our shareholders, our customers, and business partners for their full trust and dedicated support.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND GROSS PROFIT

In the first half of 2021, the Group realised revenue of approximately RMB24.24 billion (in the first half of 2020: RMB23.71 billion), representing a period-to-period increase of 2.2%. The gross profit was approximately RMB6.49 billion (in the first half of 2020: RMB6.64 billion), representing a period-to-period decrease of 2.4%, and the gross profit margin was approximately 26.8%, representing a period-to-period decrease of 1.2 percentage points.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

In the first half of 2021, profit attributable to equity holders of the Group was approximately RMB2.30 billion (in the first half of 2020: RMB1.99 billion), representing a period-to-period increase of 15.3%. The core net profit was approximately RMB2.10 billion (in the first half of 2020: RMB1.99 billion), representing a period-to-period increase of 5.6%, and the core net profit margin reached approximately 8.7%.

CONTRACTED SALES

In the first half of 2021, the Group recorded aggregate contracted sales value (including sales by joint venture projects) of approximately RMB47.38 billion, representing a period-to-period increase of 26.1%, and achieving 42.2% of the full year sales target of RMB112.2 billion. The aggregate contracted sales GFA (including sales by joint venture projects) amounted to approximately 1.79 million sq.m., representing a period-to-period increase of 17.9%, while the average selling price was approximately RMB26,400 per sq.m., representing a period-to-period increase of 6.9%.

Geographically, Greater Bay Area, Eastern China, Central China, Northern China and Southwestern China accounted for approximately 71.1%, 13.7%, 10.7%, 3.8% and 0.7%, respectively, of the contracted sales value for the first half of 2021.

GREATER BAY AREA

In the first half of 2021, the property market in the Greater Bay Area was in sound development. The Group adhered to the "1+4" regional strategy with the Greater Bay Area as the core and the four major regions as the important support. The Group deployed its resources in the Greater Bay Area, and entered Dongguan for the first time on the basis of six cities including Guangzhou, Shenzhen, Hong Kong, Foshan, Jiangmen and Zhongshan. In the first half of 2021, the contracted sales value of the Group in Greater Bay Area amounted to approximately RMB33.67 billion, representing a period-to-period increase of 50.4% and accounting for approximately 71.1% of the Group's contracted sales value.

The property market in Guangzhou was very active in the first half of 2021. Despite the impact of the intensified policy regulation and the resurgence of pandemic from May to June, both the transaction volume and the selling price on commodity residential housing increased period-to-period. The Group achieved rapid growth in contracted sales in Guangzhou, its home base market, with a contracted sales value of approximately RMB26.59 billion, representing a period-to-period increase of 31.3% and accounting for approximately 56.1% of the Group's contracted sales value. According to the ranking by CRIC, the Group's total contracted sales value and attributable contracted sales value ranked first in the Guangzhou market.

Located in the core region of the Greater Bay Area, Nansha District of Guangzhou is an essential platform for collaboration among Guangdong, Hong Kong and Macao, and also a comprehensive transportation hub, enjoying favorable policies including talent introduction and opening of financial market. The property market as a whole developed steadily. As one of the first developers entering Nansha market, the Company has always regarded Nansha as one of the most important strategic investment areas. In the first half of 2021, the contracted sales value of the Group in Nansha amounted to approximately RMB4.85 billion, representing a period-to-period decrease of 22.9%, which was mainly due to the resurgence of pandemic from May to June as well as the high contracted sales base in the first half of 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2021, under the stringent control policies such as strict management of house-purchase qualifications and establishment of a mechanism for setting up reference prices for second-hand housing transactions, the first-hand commodity residential market in Shenzhen remained relatively active, with the transaction volume and the selling price increasing period-to-period. In the first half of 2021, the Group recorded contracted sales value in Shenzhen of approximately RMB4.16 billion.

In the first half of 2021, the tightened policy regulation in surrounding cities caused the investment demand to spill over to Foshan. Although the regulation in Foshan has been tightened, the property markets subject to purchase restrictions in the vicinity of Guangzhou rallied notably, and the transaction volume and the selling price increased period-to-period. The property market in Zhongshan and Jiangmen remained stable. In the first half of 2021, the contracted sales value of the Group in the foresaid three cities amounted to approximately RMB2.92 billion, representing a period-to-period increase of 49.6%.

EASTERN CHINA

The Group has already established operations in five cities including Hangzhou, Suzhou, Jiaxing, Nanjing and Ningbo within Eastern China, of which Ningbo is the city that we newly established operation in the first half of 2021. In the first half of 2021, the regulatory policies of property market were tightened in Hangzhou, Suzhou and Jiaxing and mixed in Nanjing. Hangzhou put forward stricter requirements on aspects including point-based household registration and purchasing properties by qualified talents. Despite stricter limitation on price, the property market of Hangzhou was still active as before. The transaction of property market of Suzhou saw steady growth. The market demand of Jiaxing was continually released after being affected by pandemic of the first half of 2020. The market of Nanjing saw an increase in both transaction volume and selling price, but the diversification between urban area and outer suburbs was obvious. In the first half of 2021, the contracted sales value of the Group in Eastern China was approximately RMB6.52 billion, representing a period-to-period decrease of 36.3%, mainly due to the changes in city and project structure of sales.

CENTRAL CHINA

The Group has already established operations in four cities including Wuhan, Xiangyang, Zhengzhou and Changsha within Central China Region. The demand of property purchasing in Wuhan continued to be released after the pandemic. Although some areas have experienced tightened regulation, there was an increase in both sales volume and selling price, while the market was relatively differentiated. Despite Changsha's adoption of precise regulation, the transaction volume hit the historical high since 2016 with a stable growth in transaction price. On the basis of an upward trend under the difficult conditions in 2020, the property market in Xiangyang rose steadily. In the first half of 2021, the Group recorded contracted sales value of approximately RMB5.07 billion in Central China, representing a period-to-period increase of 96.0%.

NORTHERN CHINA

In the first half of 2021, the Group entered Beijing for the first time, and has established its operations in five cities including Beijing, Shenyang, Qingdao, Ji'nan and Yantai in Northern China. In the first half of 2021, stimulated by favorable policies such as the adjustment of urban administrative planning and the acceleration of subway construction, the transaction volume of the property market in Qingdao steadily increased. The market in Ji'nan continued to recover, while the market in Yantai remained stable. Affected by the control policy and the pandemic, the transaction volume in the market in Shenyang decreased significantly. In the first half of 2021, the contracted sales value of the Group in Northern China amounted to approximately RMB1.80 billion, representing a period-to-period decrease of 10.0%.

MANAGEMENT DISCUSSION AND ANALYSIS

SOUTHWESTERN CHINA

By the end of June 2021, the Group has already established operations in three cities in Southwestern China, including Chongqing, Chengdu and Bijie. A series of regulatory measures were put forward in the Chengdu property market in the first half of 2021, resulting in a cooling down of the market and a decrease in both transaction volume and transaction price. In the first half of 2021, the Group recorded contracted sales value of approximately RMB328 million in Southwestern China, representing a period-to-period decrease of 7.9%.

Contracted sales are summarised as follows:

No.	Project	GFA (sq.m)	Value (RMB million)	ASP (RMB/sq.m)
1	Guangzhou Starry Haizhu Bay	21,600	775	35,900
2	Guangzhou Joy Bay	24,600	2,150	87,400
3	Guangzhou Starry Sky City	81,100	4,003	49,400
4	Guangzhou Purple Cloud Mansion	300	10	33,300
5	Guangzhou Park Avenue	14,900	815	54,700
6	Guangzhou Grand Mansion	3,400	179	52,600
7	Guangzhou Grand Mansion II (previous name: Panyu Changlong North Land)	31,500	1,897	60,200
8	Guangzhou Cullinan	22,800	1,067	46,800
9	Guangzhou Yue Infinity	64,300	2,526	39,300
10	Guangzhou Talent Garden	109,400	2,122	19,400
11	Guangzhou Yue Melody	27,000	1,112	41,200
12	Guangzhou Yue Fantasy	1,800	74	41,100
13	Guangzhou TOD Town	51,500	1,389	27,000
14	Nansha Southern Le Sand	16,500	336	20,400
15	Nansha Yuexiu East Hillside	5,500	147	26,700
16	Nansha Tianyu Square	4,700	150	31,900
17	Nansha International Financial Center	10,700	549	51,300
18	Nansha Joy Bay	36,700	1,526	41,600
19	Nansha Jinmao Bay	16,200	565	34,900
20	Nansha The Willow Shores	6,900	234	33,900
21	Nansha China Resources Yuexiu Mansion	35,900	1,346	37,500
22	Huadu Elegant Mansion	6,100	182	29,800
23	Huadu Magnificent Mansion	15,000	448	29,900
24	Huadu Royal Mansion	5,500	148	26,900
25	Guangzhou Yue Galaxy	88,500	2,503	28,300
26	Conghua Glade Village	4,400	59	13,400
27	Shenzhen Majestic Mansion	44,100	4,160	94,300
28	Nanhai Starry Mansion	56,600	1,716	30,300
29	Jiangmen Man Wah Mansion	1,700	16	9,400
30	Jiangmen Yuexiu Binjiang Glorious City	8,900	87	9,800

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	GFA (sq.m)	Value (RMB million)	ASP (RMB/sq.m)
31	Jiangmen Yuexiu Binjiang Enjoy City	6,700	73	10,900
32	Jiangmen Yuexiu Binjiang Grand City	16,000	198	12,400
33	Heshan Starry Regal Court	15,800	122	7,700
34	Zhongshan Empyrean Bay	38,900	712	18,300
	Other Projects	21,300	275	12,900
	Subtotal (Greater Bay Area)	916,800	33,671	36,700
35	Hangzhou Starry City	20,000	162	8,100
36	Hangzhou Garden 1872	1,000	34	34,000
37	Hangzhou Joy Bay	6,400	253	39,500
38	Hangzhou Impressive City	73,000	1,330	18,200
39	Hangzhou New Bund Mansion	4,700	166	35,300
40	Hangzhou Yue Present	10,200	295	28,900
41	Hangzhou Joy Lane	34,200	689	20,100
42	Suzhou YueFu Mansion	5,100	47	9,200
43	Suzhou Joy Bay	1,500	16	10,700
44	Suzhou Splendid Mansion	8,900	144	16,200
45	Suzhou Cloud Mansion	10,700	243	22,700
46	Suzhou Taicang Never Land	85,700	1,741	20,300
47	Suzhou Impressive Mansion	21,300	309	14,500
48	Jiaxing Joy Lane	73,700	1,057	14,300
49	Nanjing Art Times (previous name: Nanjing Pukou Qiaolin Land II)	1,300	30	23,100
	Subtotal (Eastern China Region)	357,700	6,516	18,200
50	Wuhan International Financial City	4,000	152	38,000
51	Wuhan Hanyang Starry Winking	104,100	2,489	23,900
52	Wuhan Starry Bay	6,000	67	11,200
53	Wuhan Joy Mansion	1,600	21	13,100
54	Wuhan Yuexiu Paradiso Garden	5,400	59	10,900
55	Wuhan Mansion	5,600	72	12,900
56	Wuhan Yuexiu Garden (previous name: Wuhan Donghu Gaoxin Land)	20,300	352	17,300
57	Xiangyang Starry City	42,600	341	8,000
58	Changsha Yue Lake Stage	5,900	72	12,200
59	Changsha Qin'ai Lane	53,300	666	12,500
60	Changsha Starry City	78,100	777	9,900
	Subtotal (Central China Region)	326,900	5,068	15,500

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	GFA (sq.m)	Value (RMB million)	ASP (RMB/sq.m)
61	Shenyang Starry Winking	3,700	70	18,900
62	Shenyang Hill Lake	5,700	69	12,100
63	Qingdao Magnificent Bay	14,000	268	19,100
64	Qingdao Jiaozhou Platinum Mansion	16,000	188	11,800
65	Qingdao Yue Mansion	12,000	144	12,000
66	Qingdao Starry City	23,100	242	10,500
67	Qingdao Yuexiu Starry City (previous name: Qingdao Pingdu Southern New Town Land I)	20,900	166	7,900
68	Yantai Joy Mansion (previous name: Yantai Hi-Tech Zone Yantai No.2 Middle School East Land)	2,600	24	9,200
69	Ji'nan Baimai Delighted Mansion	52,100	531	10,200
70	Ji'nan Art Living	4,600	98	21,300
	Subtotal (Northern China Region)	154,700	1,800	11,600
71	Chengdu Glorious Mansion	23,900	203	8,500
72	Chengdu Qin'ai Lane	11,600	125	10,800
	Subtotal (Southwestern China Region)	35,500	328	9,200
	Total	1,791,600	47,383	26,400

RECOGNISED SALES

In the first half of 2021, the value of the recognised sales (including the sales of investment property) and GFA of the recognised sales were approximately RMB22.97 billion and 1.03 million sq.m. respectively, representing a period-to-period increase of 1.6% and a period-to-period decrease of 23.7%, respectively, and the average selling price was approximately RMB22,400 per sq.m., representing a period-to-period increase of 33.3%.

MANAGEMENT DISCUSSION AND ANALYSIS

Recognised sales are summarised as follows:

No.	Project	GFA (sq.m)	Value (RMB million)	ASP (RMB/sq.m)
1	Guangzhou Fortune Centry Center	1,900	45	23,700
2	Guangzhou Cuicheng Garden	500	32	64,000
3	Guangzhou Starry Haizhu Bay	1,500	43	28,700
4	Guangzhou Yuexiu Greenland Haiyue	1,000	36	36,000
5	Guangzhou Joy Bay	13,500	874	64,700
6	Guangzhou Starry Golden Sands	1,900	19	10,000
7	Guangzhou Starry Sky City	122,000	4,779	39,200
8	Guangzhou Paradiso Riverside	1,600	18	11,300
9	Guangzhou Yue Melody	10,700	492	46,000
10	Huadu Elegant Mansion	11,600	271	23,400
11	Huadu Magnificent Mansion	46,300	1,117	24,100
12	Huadu Royal Mansion	35,700	785	22,000
13	Guangzhou Yuexiu Galaxy	45,900	1,098	23,900
14	Nansha Southern Le Sand	86,900	2,103	24,200
15	Nansha Binhai New Town	159,000	2,979	18,700
16	Nansha Yuexiu East Hillside	12,800	313	24,500
17	Nansha China Resources Yuexiu Mansion	3,000	129	43,000
18	Nanghai Starry Mansion	60,300	1,586	26,300
19	Foshan Lingnan Junting	15,100	159	10,500
20	Foshan Paradiso Power	1,300	10	7,700
21	Jiangmen Xijiang Joy Mansion	1,500	10	6,700
22	Heshan Starry Regal Court	13,500	95	7,000
	Other Projects	9,400	125	13,300
	Subtotal (Greater Bay Area)	656,900	17,118	26,100
23	Hangzhou Starry City	47,100	939	19,900
24	Hangzhou Joy Bay	6,900	247	35,800
25	Hangzhou New Bund Mansion	24,300	968	39,800
26	Hangzhou Yue Present	32,000	1,002	31,300
27	Hangzhou Manyun Mansion	46,700	943	20,200
28	Suzhou YueFu Mansion	5,600	38	6,800
29	Suzhou Paradiso Pavilion	5,100	16	3,100
	Subtotal (Eastern China Region)	167,700	4,153	24,800

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	GFA (sq.m)	Value (RMB million)	ASP (RMB/sq.m)
30	Wuhan International Financial City	29,700	277	9,300
31	Wuhan Starry Emperor	1,300	10	7,700
32	Wuhan Joy Mansion	2,200	51	23,200
33	Wuhan Elite Mansion	57,400	470	8,200
34	Wuhan Yuexiu Paradiso Garden	6,300	82	13,000
35	Wuhan Starry Bay	3,400	42	12,400
	Subtotal (Central China Region)	100,300	932	9,300
36	Shenyang Starry Winking	81,200	573	7,100
37	Shenyang Hill Lake	6,300	56	8,900
38	Qingdao Starry Blue Bay	3,100	26	8,400
39	Qingdao Jiaozhou Platinum Mansion	9,700	113	11,600
	Subtotal (Northern China Region)	100,300	768	7,700
	Total	1,025,200	22,971	22,400

UNRECOGNISED SALES

As of 30 June 2021, the unrecognised sales value amounted to approximately RMB137.38 billion, representing an increase of 14.8% as compared to that as of the beginning of the year, and the unrecognised sales GFA was approximately 5.44 million sq.m., representing an increase of 5.2% as compared to that as of the beginning of the year. The average selling price was approximately RMB25,300 per sq.m..

MANAGEMENT DISCUSSION AND ANALYSIS

LANDBANK

In the first half of 2021, the Group has newly acquired 23 land parcels located in Guangzhou, Dongguan, Hangzhou, Suzhou, Nanjing, Ningbo, Wuhan, Changsha, Beijing, Chongqing, Bijie with a total GFA of approximately 5.00 million sq.m.. The attributable GFA was approximately 2.74 million sq.m.

The land parcels newly acquired in the first half of 2021 are summarised as follows:

No.	Project	Equity Holding	Total GFA (sq.m.)
1	Guangzhou Baiyun Avenue Land	48.69%	192,800
2	Guangzhou Baiyun Guanglong Land	95.48%	1,041,000
3	Guangzhou Liwan Haizhong Village Land	9.50%	165,200
4	Guangzhou Panyu Guangzhou South Railway Station Land	95.48%	234,300
5	Guangzhou Panyu Guangzhou International Innovative City Land	9.55%	319,500
6	Guangzhou Yue Voyage (previous name: Guangzhou Huangpu Miaotou Land)	95.48%	208,400
7	Guangzhou Huangpu Knowledge City Land	95.48%	137,100
8	Nansha Hengli Island Land	42.97%	214,800
9	Dongguan Liaobu Land	9.55%	89,500
10	Hangzhou Xiacheng Land	32.14%	421,900
11	Suzhou Wuzhong Xukou Land II	42.79%	164,000
12	Suzhou Wuzhong Luzhi Land	42.75%	104,200
13	Nanjing Art Times (previous name: Nanjing Pukou Qiaolin Land II)	31.35%	133,700
14	Nanjing Yuhuatai Land	51.00%	237,700
15	Nanjing Jiangning Zhengfang New Town Land	23.28%	130,600
16	Ningbo Yinzhou Jiangshan Land	9.50%	119,800
17	Wuhan Jiang'an Land	9.50%	71,500
18	Wuhan Yuexiu Garden (previous name: Wuhan Donghu Gaoxin Land)	46.55%	215,800
19	Changsha Yuhua Yatang Land	50.00%	259,500
20	Beijing Huai'rou Land	46.55%	329,200
21	Chongqing Yubei Huixing Land I	31.18%	147,500
22	Chongqing Yubei Huixing Land II	95.48%	39,300
23	Bijie Baili Land	95.00%	23,800
	Total		5,001,100

As of 30 June 2021, the landbank of the Group reached approximately 28.09 million sq.m., with a total of 100 projects in 25 cities in China and the regional layout continued to improve. Geographically, Greater Bay Area, Eastern China, Central China, Northern China, Southwestern China accounted for approximately 54.6%, 15.0%, 14.6%, 11.6% and 4.2%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The landbank is summarised as follows:

No.	Project	LANDBANK GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
1	Guangzhou Starry Haizhu Bay	366,400	366,400	—
2	Guangzhou Joy Bay	130,600	130,600	—
3	Guangzhou Starry Sky City	195,700	195,700	—
4	Guangzhou Baiyun Avenue Land	192,800	—	192,800
5	Guangzhou Joy Lake (previous name: Guangzhou Baiyun Tinggang Station Land)	445,700	286,200	159,500
6	Guangzhou Joy Golden Sands (previous name: Guangzhou Baiyun Jinshazhou Land)	332,000	332,000	—
7	Guangzhou Baiyun Guanglong Land	1,041,000	—	1,041,000
8	Guangzhou Park Avenue	208,000	208,000	—
9	Guangzhou Liwan Fangcun Avenue Land	154,400	154,400	—
10	Guangzhou Liwan Haizhong Village Land	165,200	—	165,200
11	Guangzhou Cullinan	222,800	222,800	—
12	Guangzhou Yue Infinity	881,200	881,200	—
13	Guangzhou Panyu Guangzhou South Railway Station Land	234,300	234,300	—
14	Guangzhou Grand Mansion	457,400	457,400	—
15	Guangzhou Grand Mansion II (previous name: Panyu Changlong North Land)	402,800	186,000	216,800
16	Guangzhou Starry Wenxi (previous name: Guangzhou Panyu Guangzhou International School Area of South China University of Technology phase II Land)	175,000	175,000	—
17	Guangzhou Panyu Guangzhou International Innovative City Land	319,500	—	319,500
18	Guangzhou Talent Garden	833,400	833,400	—
19	Guangzhou Southern Intelligent Media Center	159,800	159,800	—
20	Guangzhou Yue Voyage (previous name: Guangzhou Huangpu Miaotou Land)	208,400	208,400	—
21	Guangzhou Yue Melody	840,400	731,500	108,900
22	Guangzhou Yue Fantasy	330,200	330,200	—
23	Guangzhou TOD Town	703,400	449,800	253,600
24	Guangzhou Huangpu Knowledge City Land	137,100	—	137,100
25	Nansha Southern Le Sand	660,500	243,400	417,100

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	LANDBANK GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
26	Nansha Binhai New Town	51,600	51,600	—
27	Nansha Tianyu Square	134,500	134,500	—
28	Nansha International Financial Center	220,800	220,800	—
29	Nansha Joy Bay	423,800	423,800	—
30	Nansha Jinmao Bay	130,200	130,200	—
31	Nansha The Willow Shores	140,500	140,500	—
32	Nansha China Resources Yuexiu Mansion	102,000	102,000	—
33	Nansha Hengli Island Land	214,800	214,800	—
34	Nansha Joy Bay (previous name: Guangzhou Nansha Bay Land)	149,700	149,700	—
35	Huadu Elegant Mansion	152,200	152,200	—
36	Huadu Magnificent Mansion	236,900	236,900	—
37	Huadu Royal Mansion	136,900	136,900	—
38	Guangzhou Yue Galaxy	1,098,300	677,000	421,300
39	Zengcheng Joy Mountain	94,700	94,700	—
40	Conghua Glade Village	221,000	197,300	23,700
41	Shenzhen Majestic Mansion	169,400	169,400	—
42	Nanhai Starry Mansion	309,700	265,100	44,600
43	Nanhai Lake View Mansion	237,100	123,200	113,900
44	Dongguan Liaobu Land	89,500	—	89,500
45	Jiangmen Yuexiu Binjiang Glorious City	221,800	221,800	—
46	Jiangmen Yuexiu Binjiang Enjoy City	101,400	101,400	—
47	Jiangmen Yuexiu Binjiang Grand City	164,500	164,500	—
48	Jiangmen Binjiang New District Land	403,800	176,700	227,100
49	Zhongshan Empyrean Bay	230,100	230,100	—
50	Hong Kong Yau Tong Project	72,100	—	72,100
	Other projects	41,200	—	41,200
	Subtotal (Greater Bay Area)	15,346,500	11,301,600	4,044,900

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	LANDBANK GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
51	Hangzhou Starry City	470,600	274,500	196,100
52	Hangzhou Garden 1872	230,300	230,300	—
53	Hangzhou Joy Bay	173,500	173,500	—
54	Hangzhou Xiacheng Land	421,900	421,900	—
55	Hangzhou Impressive City	317,700	317,700	—
56	Hangzhou Joy Lane	163,000	163,000	—
57	Suzhou Splendid Mansion	142,500	142,500	—
58	Suzhou Cloud Mansion	31,900	31,900	—
59	Suzhou Wuzhong Xukou Land II	164,000	164,000	—
60	Suzhou Wuzhong Luzhi Land	104,200	—	104,200
61	Suzhou Joy Cloud (previous name: Suzhou Industrial Park Shengpu Land)	129,500	129,500	—
62	Suzhou Taicang Never Land	866,600	552,500	314,100
63	Suzhou Impressive Mansion	61,100	61,100	—
64	Jiaxing Joy Lane	218,000	218,000	—
65	Nanjing Pukou Qiaolin Land I	103,400	—	103,400
66	Nanjing Art Times (previous name: Nanjing Pukou Qiaolin Land II)	133,700	—	133,700
67	Nanjing Yuhuatai Land	237,700	—	237,700
68	Nanjing Jiangning Zhengfang New Town Land	130,600	—	130,600
69	Ningbo Yinzhou Jiangshan Land	119,800	—	119,800
	Subtotal (Eastern China Region)	4,220,000	2,880,400	1,339,600
70	Wuhan International Financial City	334,800	334,800	—
71	Wuhan Hanyang Starry Winking	1,143,500	866,400	277,100
72	Wuhan Jiang'an Land	71,500	—	71,500
73	Wuhan Mansion	231,500	231,500	—
74	Wuhan Yuexiu Garden (previous name: Wuhan Donghu Gaoxin Land)	215,800	215,800	—
75	Xiangyang Starry City	721,300	711,000	10,300
76	Zhengzhou Elegant Mansion	137,900	137,900	—
77	Changsha Yue Lake Stage	130,600	130,600	—
78	Changsha Qin'ai Lane	132,400	132,400	—
79	Changsha Starry City	709,200	573,600	135,600
80	Changsha Yuhua Yatang Land	259,500	—	259,500
	Subtotal (Central China Region)	4,088,000	3,334,000	754,000

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	LANDBANK GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
81	Beijing Huai'rou Land	329,200	—	329,200
82	Shenyang Starry Winking	158,300	158,300	—
83	Shenyang Hill Lake	270,300	34,800	235,500
84	Qingdao Magnificent Bay	213,200	175,800	37,400
85	Qingdao Licang Qingyin Highway East Land	666,300	—	666,300
86	Qingdao Yue Mansion	51,000	51,000	—
87	Qingdao Starry City	480,100	217,800	262,300
88	Qingdao Yuexiu Starry City (previous name: Qingdao Pingdu Southern New Town Land I)	157,200	42,700	114,500
89	Qingdao Pingdu Southern New Town Land II	268,200	—	268,200
90	Yantai Joy Mansion (previous name: Yantai Hi-Tech Zone Yantai No.2 Middle School East Land)	146,700	—	146,700
91	Ji'nan Hillside Mansion (previous name: Ji'nan Lixia Land)	237,800	—	237,800
92	Ji'nan Baimai Delighted Mansion	273,800	273,800	—
	Subtotal (Northern China Region)	3,252,100	954,200	2,297,900
93	Chongqing Yubei Central Park Land	206,300	206,300	—
94	Chongqing Yubei Huixing Land I	147,500	147,500	—
95	Chongqing Yubei Huixing Land II	39,300	—	39,300
96	Chengdu Glorious Mansion	296,900	296,900	—
97	Chengdu Qin'ai Lane	66,200	66,200	—
98	Chengdu Grand Wood (previous name: Chengdu Tianfu New District Science City Land)	300,800	300,800	—
99	Bijie Baili Land	23,800	—	23,800
100	Haikou Simapo Island Project	100,500	—	100,500
	Subtotal (Southwestern China Region)	1,181,300	1,017,700	163,600
	Total	28,087,900	19,487,900	8,600,000

MANAGEMENT DISCUSSION AND ANALYSIS

CONSTRUCTION PROGRESS

The Group strived to accelerate development efficiency and turnover rate. During the first half of 2021, project development was in line with the Group's schedule. New commencement of construction, completion projects and delivery are summarised as follows:

Construction progress	First half of 2021	2021
	Actual GFA (sq.m.)	Planned GFA (sq.m.)
New commencement of construction	3,783,000	7,005,200
Completion	1,453,700	6,139,600

INVESTMENT PROPERTIES

As of 30 June 2021, the Group owned investment properties under lease of approximately 774,000 sq.m. in total, of which offices, commercial properties, car parks and others accounted for approximately 52.3%, 31.4% and 16.3%, respectively. The Group recorded rental revenue of approximately RMB350 million in the first half of 2021, representing an increase of 20.1% as compared to the same period of last year, resulting from the operations of newly opened office buildings of Guangzhou ICC and the increase of rental revenue of Guangzhou Yuexiu Financial Tower during the first half of 2021.

In the first half of 2021, the Group recorded net fair value gains on revaluation of investment properties of approximately RMB71 million, which was mainly valuation gains of Guangzhou ICC.

OTHER GAINS, NET

In the first half of 2021, the Group's other gains, net amounted to approximately RMB15 million, representing an increase of 42.3% as compared to the same period of last year, which was mainly from miscellaneous income of penalty for breach.

SELLING AND MARKETING COSTS

In the first half of 2021, the Group's selling and marketing costs were approximately RMB566 million, representing an increase of 13.4% as compared to the same period of last year. The selling and marketing costs accounted for 2.3% of total recognised sales for the period, representing an increase of 0.2 percentage point from the 2.1% percentage point for the same period of last year.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses amounted to approximately RMB543 million, representing a decrease of 3.1% as compared to the same period of last year. Administrative expenses accounted for 2.2% of the recognised sales for the period, decreased by 0.2 percentage point from 2.4% for the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE COSTS

The finance costs of the Group amounted to approximately RMB116 million, representing a decrease of RMB389 million or approximately 77% from RMB505 million for the interim period of 2020. This was due to, on the one hand, the decline in average borrowing interest rates and the increase in interest capitalization rates during the period, which led to a decrease of approximately RMB278 million in interest expenses charged in profit and loss. On the other hand, due to the appreciation of RMB, foreign currency liabilities recorded an exchange gain of approximately RMB134 million during the period. As the overall financing environment has remained moderate since the first half of 2021, the average effective borrowing interest rate for the period declined to 4.45% per annum from 4.71% per annum for the same period of 2020.

SHARE OF PROFIT FROM ASSOCIATED ENTITIES

In the first half of 2021, the overall net contribution from associated entities attributable to the Group increases by 53.2% to approximately RMB84 million as compared to the same period of last year, which was mainly from profit contribution of Yuexiu Real Estate Investment Trust ("Yuexiu REIT") for the period.

In the first half of 2021, the total distributable amount of Yuexiu REIT amounted to approximately RMB340 million, representing an increase of 6.7% as compared to the same period of last year, and the cash distribution attributable to the Group amounted to approximately RMB130 million.

BASIC EARNINGS PER SHARE

In the first half of 2021, basic earnings per share attributable to the equity holders of the Company based on the weighted average number of ordinary shares in issue were RMB0.7429 (in the first half of 2020: RMB0.6442).

INTERIM DIVIDEND

The Board has proposed to declare an interim dividend for 2021 of HKD0.326 per share (equivalent to RMB0.271 per share) (2020 interim: HKD0.285 per share equivalent to RMB0.255 per share (after share consolidation)/2020 interim: HKD0.057 per share equivalent to RMB0.051 per share (before share consolidation)) to shareholders whose names appear on the Register of Members of the Company on 22 October 2021. The interim dividend will be distributed to shareholders on or around 18 November 2021.

Dividends payable to shareholders will be paid in HKD. The exchange rate adopted by the Company for its dividend payable is the average middle exchange rate of HKD against RMB announced by the People's Bank of China in the five business days preceding the date of dividend declaration.

LIQUIDITY AND FINANCIAL RESOURCES

Cash receipts from operating activities and committed banking facilities are the Group's main sources of liquidity. The Group has always adhered to prudent financial management principles, emphasised on funding management and risk control, established an ongoing monitoring system to respond to market changes, ensured healthy and adequate liquidity and secured the business development. While continuing to maintain a good relationship with commercial banks in Mainland China and Hong Kong, the Group also explores more funding channels, optimises the capital structure and lowers the funding costs, enhances the ability to protect its resources, and enhances its risk resistance capabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2021, the Group obtained new borrowings of approximately RMB16.73 billion, including onshore borrowings of approximately RMB9.55 billion and offshore borrowings of approximately RMB7.18 billion. As at 30 June 2021, total borrowings amounted to approximately RMB74.72 billion (31 December 2020: RMB67.84 billion), cash and cash equivalents and charged bank deposits amounted to approximately RMB40.00 billion, and the net gearing ratio was 49.8%. Borrowings due within one year accounted for approximately 30% of the total borrowings (31 December 2020: 24%), fixed-rate borrowings accounted for approximately 53.6% of the total borrowings (31 December 2020: 57.4%). Since the first half of 2021, overall financing environment is moderate. The Group's average effective borrowing interest rate for the period was approximately 4.45% per annum, decreased by 26 bpts from 4.71% per annum for the same period of 2020.

As at 30 June 2021, among the Group's total borrowings, approximately 49% was RMB denominated bank borrowings and other borrowings (31 December 2020: 46%), 10% was Hong Kong dollar denominated bank borrowings (31 December 2020: 9%), 18% was Hong Kong and US dollar denominated medium to long term notes (31 December 2020: 19%), 23% was RMB denominated medium to long term notes (31 December 2020: 26%).

WORKING CAPITAL

On 30 June 2021, the Group's working capital (current assets less current liabilities) amounted to approximately RMB83.91 billion (31 December 2020: approximately RMB80.04 billion). The Group's current ratio (current assets divided by current liabilities) was 1.5 times (31 December 2020: 1.6 times). Cash and cash equivalents amounted to approximately RMB29.01 billion (31 December 2020: RMB28.21 billion). Charged bank deposits amounted to approximately RMB10.99 billion (31 December 2020: RMB9.09 billion). Undrawn committed bank facilities amounted to approximately RMB10.69 billion.

CAPITAL AND FINANCIAL STRUCTURE ANALYSIS

The Group's debts are summarised as follows:

	As at	
	June 30 2021 RMB'000	31 December 2020 RMB'000
Bank borrowings and notes		
Denominated in RMB	54,054,621	48,576,306
Denominated in HKD	9,708,000	8,191,311
Denominated in USD	10,952,519	11,071,711
Total bank borrowings and notes	74,715,140	67,839,328
Bank overdrafts	29	32
Total debts	74,715,169	67,839,360

MANAGEMENT DISCUSSION AND ANALYSIS

	As at	
	June 30 2021 RMB'000	31 December 2020 RMB'000
Ageing analysis:		
Within one year	22,242,380	16,576,244
In the second year	18,473,289	18,802,668
In the third to fifth year	27,554,311	27,557,816
Beyond five years	6,445,189	4,902,632
Total borrowings	74,715,169	67,839,360
Lease liabilities	673,489	717,686
Less: Cash and cash equivalents	(29,009,622)	(28,213,701)
Net borrowings	46,379,036	40,343,345
Total equity	69,681,627	64,276,115
Total capitalization	116,060,663	104,619,460
Gearing ratio	40.0%	38.6%

INTEREST RATE EXPOSURE

The Group's interest rate exposure is mainly derived from relevant loans and deposits denominated in Renminbi, Hong Kong dollars and US dollars. As of 30 June 2021, among the total borrowings of the Group, approximately 35.9% was floating rate bank loans denominated in Renminbi, approximately 10.5% was floating rate bank loans denominated in Hong Kong dollars, approximately 13.3% was fixed rate bank loans denominated in Renminbi, approximately 23.1% was medium-to-long term fixed rate bonds denominated in Renminbi, approximately 17.2% was medium-to-long term fixed rate notes denominated in US dollars/Hong Kong dollars.

At present, the interest rate in both China and Hong Kong is relatively low and it is expected to remain at the low level this year. The ratio of fixed rate financing against the total financing is approximately 51.6% with controllable interest rate risk. The Group did not arrange interest-rate hedging instruments during the reporting year. The average effective borrowings interest rate during the period was approximately 4.45% per annum, decreased by 26 basis points from 4.71% per annum for the same period of 2020.

With respect to Renminbi interest rates, the PBOC will maintain a reasonable and prudent monetary policy as the pandemic situation in China has become stable and the economy has basically recovered. As China's economic growth in mid-2021 was lower than expected, the PBOC lowered its deposit reserve ratio by 0.5% in July, but kept LPR unchanged. It is estimated that Renminbi market interest rates will remain at the current low level. However, there are more restrictions and policy constraints on financing for industries and there is possibility of further tightening of industry policies.

MANAGEMENT DISCUSSION AND ANALYSIS

With respect to US dollar interest rates, the Federal Reserve maintained its benchmark interest rate at 0-0.25% and continued quantitative easing measures to support economy. In June, the Federal Reserve hinted at raising interest rates before the end of 2023, and the market was temporarily chaotic. However, after the Federal Reserve repeatedly reiterated that inflation is only temporary and will give the market sufficient time to prepare before tightening the money supply, the market returned to normal. Currently, with sufficient US dollar liquidity in the market, easing overall financing environment and the recovering economy of the United States, it is expected that the United States may begin to tighten monetary policy next year, but the impact remains to be seen.

With respect to Hong Kong dollar interest rates, due to the impact of the pandemic, Hong Kong dollar interest rate kept low following the US dollar interest rate in the first half of the year. Currently, the liquidity of Hong Kong Dollar is sufficient on the market and interest rate of Hong Kong Dollar stays at a relatively low level. However, interest rate of Hong Kong Dollar may be subject to short-term upward fluctuation due to fundraising activities of companies by initial public offering and China-US conflicts.

The Group will continue to pay close attention to changes in domestic and foreign interest rate market and continuously manage its debt structure and interest rate risks.

FOREIGN EXCHANGE RISK

Since the main business operations of the Group are conducted in Mainland China, its income and assets are primarily in Renminbi. The Group has foreign currency denominated financing and is thus exposed to foreign exchange risk. Since 2016, the Group has actively adopted various measures to enhance the management of the foreign exchange exposure. As at 30 June 2021, among the borrowings denominated in foreign currencies, approximately HKD9.38 billion (equivalent to approximately RMB7.81 billion) was bank borrowings denominated in Hong Kong dollar, approximately USD1.70 billion (equivalent to approximately RMB10.95 billion) was medium-to-long term notes denominated in US dollars, and approximately HKD2.28 billion (equivalent to approximately RMB1.9 billion) was notes denominated in Hong Kong dollars. Approximately 28% (28% at the beginning of the year) of the total borrowings of the Group was borrowings denominated in foreign currencies, among which, hedging products were purchased to manage part of foreign exchange exposures with respect to offshore borrowings (equivalent to RMB8.01 billion).

As the pandemic situation in China has become stable, China's economy continued to recover in the first half of 2021, and both import and export data were satisfactory. It is expected that China's economic growth will slow down slightly in the second half of 2021. Presently, the coverage of COVID-19 vaccination gradually expands around the world. It is expected that the world economy will recover in the second half year. Due to the ongoing China-US conflict and asynchronous monetary policy of China and the US, the interest rate of Renminbi is still expected to fluctuate in 2021. The Group will continue to keep track of developments in the foreign exchange market, strike a balance between hedging cost and foreign exchange risk, manage its debt structure and control its foreign exchange exposure. The Group has used financial instruments to manage its foreign exchange exposure and will continue to arrange for appropriate products to manage its foreign exchange exposure.

COMMITMENTS FOR PROPERTY, PLANT AND EQUIPMENT

As of 30 June 2021, the Group's capital commitments in respect of purchases of property, plant, equipment amounted to approximately was nil (31 December 2020: RMB61 million).

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

The Group arranged bank loans for certain purchasers of the Group's properties in Mainland China and provided transitional guarantees in respect of the performance of loan repayment liabilities. Pursuant to the terms of the guarantee contracts, upon default in repayments by those purchasers, the Group will be responsible for repaying the outstanding mortgage principal sum together with accrued interests under the guarantee, and the Group then acquires the legal title of such pledged properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates. As of 30 June 2021, total contingent liabilities relating to these guarantees amounted to approximately RMB35.44 billion (31 December 2020: RMB32.04 billion).

As at 30 June 2021, certain subsidiaries of the Group provided guarantee up to a limit of approximately RMB6,107 million (31 December 2020: RMB3,407 million) in respect of loans borrowed by joint ventures and associated entities of the Group, among which, guarantee of approximately RMB1,543 million (31 December 2020: RMB1,077 million) was utilised and guarantee of approximately RMB4,564 million (31 December 2020: RMB2,330 million) was not utilised yet.

SHARE CONSOLIDATION

On 10 June 2021, every five issued shares of the Company were consolidated into one share of the Company (each a "Consolidated Share") and the number of Consolidated Shares was rounded down to the nearest whole number by disregarding each and every fractional Consolidated Share which would otherwise arise (the "Share Consolidation"). Since then, all of the Consolidated Shares rank pari passu in all respects with each other. For details, please refer to the announcements of the Company dated 19 April 2021 and 1 June 2021, and the circular of the Company dated 30 April 2021. The board lot size for trading on the Stock Exchange was changed from 2,000 issued shares of the Company before the Share Consolidation becoming effective to 1,000 Consolidated Shares with effect from 10 June 2021.

As at 30 June 2021, the total number of shares of the Company in issue was 3,096,456,087.

SPIN-OFF AND SEPARATE LISTING OF YUEXIU SERVICES GROUP LIMITED ("YUEXIU SERVICES")

On 10 February 2021, the Company announced its submission of listing application form relating to the spin-off and separate listing of its subsidiary, YUEXIU SERVICES on the Main Board of the Stock Exchange (the "Spin-off"). YUEXIU SERVICES conducted a global offering (the "Global Offering") of 369,660,000 YUEXIU SERVICES shares comprising the public offering in Hong Kong and the international offering (including the preferential offering of YUEXIU SERVICES shares to the qualifying shareholders of the Company) at an offer price of HKD4.88 per YUEXIU SERVICES share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

YUEXIU SERVICES and its subsidiaries are principally engaged in the provision of non-commercial property management and value-added services and commercial property management and operational services.

Following the completion of the Global Offering (including the preferential offering but excluding the exercise of Over-allotment Option), (i) listing of YUEXIU SERVICES on the Main Board of the Stock Exchange took place on 28 June 2021; (ii) dealings in the Yuexiu Services Shares on the Main Board of the Stock Exchange commenced at 1:30 p.m. on 28 June 2021; and (iii) YUEXIU SERVICES remains as a subsidiary of the Company. Furthermore, on 21 July 2021, the Over-allotment Option has been partially exercised by the joint representatives of the Global Offering (on behalf of the International Underwriters) in respect of an aggregate of 43,410,500 additional YUEXIU SERVICES shares. The said allotment of additional YUEXIU SERVICES shares has been completed and the Company is indirectly interested in approximately 66.92% of the total issued shares of YUEXIU SERVICES immediately after the partial exercise of the Over-allotment Option.

MANAGEMENT DISCUSSION AND ANALYSIS

The Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Rules Governing the Listing of Securities on the Stock Exchange.

Details of the Spin-Off have been disclosed in the announcements of the Company dated 23 November 2020, 8 February 2021, 10 February 2021, 17 May 2021, 09 June 2021, 16 June 2021, 23 June 2021, 25 June 2021, 28 June 2021 and 21 July 2021.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2021, the Group had approximately 15,720 employees (31 December 2020: 11,390 employees). The Group offers its employees reasonable remuneration in accordance with industry practice. Salary increment and promotion of employees are based on performance and achievements. In the meantime, the Group provides employees with other benefits, such as mandatory provident funds, medical insurance, educational allowances and professional training. The Group adopted the Share Incentive Scheme on 2 December 2016 and the Share Award Scheme on 17 March 2017. Both schemes will (i) provide the selected participants (including senior management, middle management and other employees) with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals to work with the Company and the Group; and (iii) provide additional incentive for them to achieve performance goals and promote the pursuit of long-term interests of the Group, the Company and its shareholders, with a view to achieving the objective of aligning the interests of the selected participants with those of the shareholders of the Company. Details of the Share Incentive Scheme and Share Award Scheme have been respectively disclosed in the announcement dated 2 December 2016 and 17 March 2017.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

Certain loan agreements of the Company and its subsidiary ("Loan Agreements") respectively include a condition that imposes one or more of the following specific performance obligations on Yue Xiu Enterprises (Holdings) Limited ("YXE"), the controlling shareholder of the Company, or (as the case may be) Guangzhou Yue Xiu Holdings Limited, the ultimate controlling shareholder of the Company:

- (i) the controlling shareholder remains to be the single largest beneficial shareholder of the Company;
- (ii) the controlling shareholder maintains a shareholding interest of not less than 35% or 30% in the issued voting shares of the Company;
- (iii) the controlling shareholder maintains effective management control over the Company.

As at 30 June 2021, the aggregate balance of the loans provided in Renminbi was HKD9,422,000,000. Such Loan Agreements will expire from 31 December 2021 to 13 April 2024.

Breach of the above specific performance obligations will constitute an event of default. Upon the occurrence of such event of default, the relevant bank may declare the relevant facility to be terminated and all the indebtedness under the relevant facility would become due and payable.

MANAGEMENT DISCUSSION AND ANALYSIS

On 24 January 2013, the Company issued USD350 million 3.25 per cent. notes due 2018 (the "2018 Notes") and USD500 million 4.50 per cent. notes due 2023 (the "2023 Notes") to investors under a USD2,000 million medium term note programme established on 11 January 2013. The Company has completed the redemption and cancellation of all the 2018 Notes. Since 17 August 2016, there are no outstanding 2018 Notes in issue. With effect from 29 December 2016, (i) the Company has substituted in its place Leading Affluence Limited, a wholly-owned subsidiary of the Company, as the issuer and the principal debtor in respect of the 2023 Notes; and (ii) the 2023 Notes are unconditionally and irrevocably guaranteed by the Company. Pursuant to the terms and conditions of the programme, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcement dated 17 January 2013) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

On 19 April 2018, Westwood Group Holdings Limited ("Westwood"), an indirect wholly-owned subsidiary of the Company issued USD800 million 4.875 per cent. guaranteed notes due 2021 (repaid in full on 19 April 2021) and USD400 million 5.375 per cent. guaranteed notes due 2023 to investors under a USD3,000 million guaranteed medium term note programme established on 4 April 2018 ("USD3,000 million Guaranteed MTN Programme"). Pursuant to the terms and conditions of the programme, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcement dated 13 April 2018) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

On 20 January 2021, Westwood issued USD600 million 2.80 per cent. guaranteed notes due 2026 (the "2026 Notes") and USD150 million 3.80 per cent. guaranteed notes due 2031 to investors under the USD3,000 million Guaranteed MTN Programme (updated on 11 January 2021). On 26 January 2021, Westwood issued USD50 million 2.80 per cent. guaranteed notes due 2026 to investors (to be consolidated and form a single series with the 2026 Notes). Pursuant to the terms and conditions of the programme, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcements dated 13 January 2021 and 21 January 2021) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

These obligations have been duly complied with for the six months ended 30 June 2021.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



羅兵咸永道

TO THE BOARD OF DIRECTORS OF YUEXIU PROPERTY COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial information set out on pages 32 to 71, which comprises the condensed consolidated balance sheet of Yuexiu Property Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021 and the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 18 August 2021

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Unaudited Six months ended 30 June	
	Note	2021 RMB' 000	2020 RMB' 000
Revenue	6	24,236,131	23,713,884
Cost of sales	7	(17,749,816)	(17,071,363)
Gross profit		6,486,315	6,642,521
Proceeds from sales of investment properties		5,678	7,346
Direct costs of investment properties sold		(4,979)	(6,663)
Gain on sales of investment properties, net		699	683
Fair value gains/(losses) on revaluation of investment properties, net	16	71,082	(18,042)
Other gains, net	8	15,046	10,577
Selling and marketing costs	7	(565,734)	(498,674)
Administrative expenses	7	(543,489)	(561,070)
Operating profit		5,463,919	5,575,995
Finance income	9	350,693	326,745
Finance costs	10	(116,322)	(505,379)
Share of profits/(losses) of			
— joint ventures		18,786	(45,201)
— associated entities		84,197	54,964
Profit before taxation		5,801,273	5,407,124
Taxation	11	(3,100,796)	(3,109,908)
Profit for the period		2,700,477	2,297,216
Attributable to			
Equity holders of the Company		2,300,418	1,994,723
Non-controlling interests		400,059	302,493
		2,700,477	2,297,216
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
— Basic and diluted	12	0.7429	0.6442

The notes on pages 40 to 71 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited Six months ended 30 June	
	2021 RMB' 000	2020 RMB' 000
Profit for the period	2,700,477	2,297,216
Other comprehensive income:		
<u>Items that may be reclassified to profit or loss</u>		
Exchange differences on translation of foreign operations	34,462	(218,092)
Gains/(losses) on cashflow hedges	1,242	(5,955)
Costs of hedging	(35,279)	61,004
<u>Items that will not be reclassified to profit or loss</u>		
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	(25,767)	(45,501)
Other comprehensive loss for the period, net of tax	(25,342)	(208,544)
Total comprehensive income for the period	2,675,135	2,088,672
Attributable to		
Equity holders of the Company	2,276,478	1,788,654
Non-controlling interests	398,657	300,018
	2,675,135	2,088,672

The notes on pages 40 to 71 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2021

		As at	
	Note	30 June 2021 Unaudited RMB' 000	31 December 2020 Audited RMB' 000
ASSETS			
Non-current assets			
Property, plant and equipment	14	3,552,561	3,201,114
Right-of-use assets	15	3,866,964	3,927,325
Investment properties	16	16,181,205	16,076,236
Intangible assets	17	398,563	386,945
Properties under development		5,173,171	6,330,244
Interests in joint ventures		6,027,098	5,673,259
Interests in associated entities		14,488,114	13,554,213
Financial assets at fair value through other comprehensive income		1,210,529	1,247,902
Deferred tax assets	23	1,322,599	1,169,981
		52,220,804	51,567,219
Current assets			
Properties under development		141,815,750	126,110,685
Properties held for sale		22,569,303	24,896,445
Contract costs		707,465	597,440
Prepayments for land use rights		15,342,664	4,142,147
Trade receivables	18	121,692	161,837
Other receivables, prepayments and deposits		19,761,157	15,104,853
Prepaid taxation		4,687,571	3,307,405
Charged bank deposits		10,993,379	9,094,268
Cash and cash equivalents		29,009,622	28,213,701
		245,008,603	211,628,781
LIABILITIES			
Current liabilities			
Trade and note payables	19	2,040,871	2,255,706
Contract liabilities		69,399,928	54,201,054
Other payables and accrued charges		57,183,871	49,235,822
Borrowings	20	22,242,380	16,576,244
Lease liabilities		166,257	151,209
Derivative financial instruments		—	358,703
Taxation payable		10,061,132	8,806,721
		161,094,439	131,585,459
Net current assets		83,914,164	80,043,322
Total assets less current liabilities		136,134,968	131,610,541

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2021

		As at	
	Note	30 June 2021 Unaudited RMB' 000	31 December 2020 Audited RMB' 000
Non-current liabilities			
Borrowings	20	52,472,789	51,263,116
Lease liabilities		507,232	566,477
Deferred tax liabilities	23	7,118,984	7,134,042
Deferred revenue		51,138	52,035
Derivative financial instruments		237,243	161,524
Other payables and accrued charges		6,065,955	8,157,232
		<u>66,453,341</u>	<u>67,334,426</u>
Net assets		<u>69,681,627</u>	<u>64,276,115</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	21	18,035,015	18,035,015
Shares held under share award scheme		(121,282)	(121,282)
Other reserves	22	2,380,569	1,225,639
Retained earnings	22	25,802,160	24,608,285
		<u>46,096,462</u>	<u>43,747,657</u>
Non-controlling interests		23,585,165	20,528,458
Total equity		<u>69,681,627</u>	<u>64,276,115</u>

The notes on pages 40 to 71 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited Six months ended 30 June	
	2021 RMB' 000	2020 RMB' 000
Operating activities		
Net cash generated from operations	5,100,229	4,732,695
Interest received	303,390	380,471
Interest paid	(2,263,631)	(1,883,350)
Hong Kong profits tax paid	(4,519)	(8,866)
China taxation paid	(2,686,561)	(3,015,561)
Net cash generated from operating activities	448,908	205,389
Investing activities		
Acquisition of subsidiaries, net cash paid	(2,208,049)	—
Purchases of property, plant and equipment and intangible assets	(484,098)	(227,127)
Purchases of investment properties	(308,558)	—
Proceeds from sale of investment properties	5,678	7,285
Proceeds from sale of property, plant and equipment	17,835	8,296
Dividends received from associate entities	103,296	228,945
Increase in interests in associated entities and joint ventures	(328,476)	(180,576)
Decrease in interests in associated entities and joint ventures	213,623	1,542,500
Increase in charged bank deposits	(1,899,111)	(2,176,640)
Capital injection in associated entities	(677,995)	(5,000)
Capital injection in joint ventures	(464,784)	(14,291)
Proceeds from disposal of a subsidiary	—	355,211
Decrease in amounts due from related companies	1,916	8,956
Increase in amounts due from associated entities and joint ventures	(1,427,606)	(2,060,419)
Increase in amounts due from related parties of non-controlling interests and non-controlling interests	(2,274,873)	(790,781)
Net cash used in investing activities	(9,731,202)	(3,303,641)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
Financing activities		
Capital contribution from non-controlling interests	3,727,988	424,079
Increase in amounts due to joint ventures and associated entities	599,197	378,141
Decrease in amounts due to ultimate holding company	(6,251)	(163,356)
(Decrease)/increase in amounts due to intermediate holding company	(1,950,431)	485,912
(Decrease)/increase in amounts due to related companies and fellow subsidiaries	(75,098)	13,560
Decrease in amounts due to a shareholder	(942,848)	(28,404)
Increase/(decrease) in amount due to related parties of non-controlling interests and non-controlling interests	2,158,305	(113,238)
Proceeds from bank borrowings	15,302,899	9,780,598
Repayment of bank borrowings	(9,529,897)	(9,342,480)
Proceeds from other borrowing from an intermediate holding company	5,246,416	—
Repayment of other borrowing from an intermediate holding company	(5,246,416)	—
Proceeds from other borrowings - others	6,668,080	1,498,800
Repayment of other borrowings - others	(5,751,337)	(1,986,784)
(Decrease)/increase of bank overdraft	(3)	3
Repayment for lease liabilities	(101,891)	(73,152)
Net cash generated from financing activities	10,098,713	873,679
Increase/(decrease) in cash and cash equivalents	816,419	(2,224,573)
Cash and cash equivalents at the beginning of period	28,213,669	24,105,500
Exchange (loss)/gain on cash and cash equivalents	(20,495)	19,619
Cash and cash equivalents at the end of period	29,009,593	21,900,546
Analysis of balances of cash and cash equivalents		
Bank balances and cash	29,009,622	21,900,590
Bank overdrafts	(29)	(44)
	29,009,593	21,900,546

The notes on pages 40 to 71 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited				
	Attributable to equity holders of the Company				
	Share capital RMB' 000	Shares held under share award scheme RMB' 000	Reserves RMB' 000	Non- controlling interests RMB' 000	Total RMB' 000
Balance at 1 January 2021	18,035,015	(121,282)	25,833,924	20,528,458	64,276,115
Comprehensive income					
Profit for the period	—	—	2,300,418	400,059	2,700,477
Other comprehensive income					
Currency translation differences	—	—	34,462	—	34,462
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	(24,365)	(1,402)	(25,767)
Gains on cashflow hedges	—	—	1,242	—	1,242
Costs of hedging	—	—	(35,279)	—	(35,279)
Total other comprehensive income for the period, net of tax	—	—	(23,940)	(1,402)	(25,342)
Total comprehensive income for the period	—	—	2,276,478	398,657	2,675,135
Transactions with owners					
Dividend (note 13)	—	—	(815,827)	(181,784)	(997,611)
Capital injection to subsidiaries	—	—	888,154	2,839,834	3,727,988
Total transactions with owners	—	—	72,327	2,658,050	2,730,377
Balance at 30 June 2021	18,035,015	(121,282)	28,182,729	23,585,165	69,681,627

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited				
	Attributable to equity holders of the Company				
	Share capital RMB' 000	Shares held under share award scheme RMB' 000	Reserves RMB' 000	Non- controlling interests RMB' 000	Total RMB' 000
Balance at 1 January 2020	18,035,015	(81,577)	22,770,070	14,468,308	55,191,816
Comprehensive income					
Profit for the period	—	—	1,994,723	302,493	2,297,216
Other comprehensive income					
Currency translation differences	—	—	(218,092)	—	(218,092)
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	(43,026)	(2,475)	(45,501)
Losses on cashflow hedges	—	—	(5,955)	—	(5,955)
Costs of hedging	—	—	61,004	—	61,004
Total other comprehensive income for the period, net of tax	—	—	(206,069)	(2,475)	(208,544)
Total comprehensive income for the period	—	—	1,788,654	300,018	2,088,672
Transactions with owners					
Dividend (note 13)	—	—	(691,358)	(49,249)	(740,607)
Capital injection to subsidiaries	—	—	—	1,385,966	1,385,966
Total transactions with owners	—	—	(691,358)	1,336,717	645,359
Balance at 30 June 2020	18,035,015	(81,577)	23,867,366	16,105,043	57,925,847

The notes on pages 40 to 71 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Yuexiu Property Company Limited (the “Company”) and its subsidiaries (together, the “Group”) is principally engaged in development, selling and management of properties and holding of investment properties. The Group’s operations are primarily conducted in Mainland China (“China”) and Hong Kong.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

The Company’s shares are listed on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information have been approved for issue by the Board of Directors on 18 August 2021.

The financial information relating to the year ended 31 December 2020 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2021 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

The outbreak of the 2019 Novel Coronavirus (“COVID-19”) has brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the industry of real estate including the construction and delivery of properties, rental revenue and occupancy rate of investment properties, allowance for expected credit losses on trade and other receivables, fair value of investment properties and so on. Since the outbreak of COVID-19, the Group has been keeping continuous attention to the situation of COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the condensed consolidated interim financial information is authorised for issuance, COVID-19 does not have any material adverse impact on the financial position and operating results of the Group.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of 2021 and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards and interpretation as set out below.

- (a) The following amendments to existing standards are mandatory for adoption for the financial year beginning 1 January 2021 for the Group:

HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4, and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2
HKFRS 16 (Amendments)	Covid-19-related Rent Concessions

The Group has assessed the impact of the adoption of these amended standards that are effective for the first time for this interim period. The adoption of these amended standards did not result in any significant impact on the results and financial position of the Group.

- (b) The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2021 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts- Cost of Fulfilling a Contract	1 January 2022
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Annual improvements to HKFRS standards 2018-2020	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	1 January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023

The above new standards, amendments to existing standards and interpretation are effective for annual periods beginning on or after 1 January 2022 and have not been applied in preparing these condensed consolidated interim financial information. None of these is expected to have a significant effect on the condensed consolidated interim financial information of the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2020.

5 FINANCIAL RISK MANAGEMENT

5.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

(a) *Liquidity risk*

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

Management monitors rolling forecasts of the Group's liquidity reserve which comprises undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT (Continued)

5.1 FINANCIAL RISK FACTORS (Continued)

(a) Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2021					
Borrowings (principal amount plus interest)	25,200,820	20,571,826	29,603,100	8,681,175	84,056,921
Trade and note payables (note 19)	2,040,871	—	—	—	2,040,871
Other payables and accrued charges	47,635,536	3,715,413	3,068,339	—	54,419,288
Lease liabilities	173,916	94,425	192,575	353,252	814,168
Financial guarantees (note 24)	41,547,117	—	—	—	41,547,117
Derivative financial instruments	—	15,148	222,095	—	237,243
At 31 December 2020					
Borrowings (principal amount plus interest)	19,131,768	20,848,203	29,892,160	6,526,081	76,398,212
Trade and note payables (note 19)	2,255,706	—	—	—	2,255,706
Other payables and accrued charges	45,266,185	5,770,894	3,229,320	—	54,266,399
Lease liabilities	181,272	122,738	178,671	382,313	864,994
Financial guarantee (note 24)	35,443,052	—	—	—	35,443,052
Derivative financial instruments	358,703	—	161,524	—	520,227

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.2 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's policy is to borrow centrally, using a mixture of long-term and short-term borrowing facilities, to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are on-lent or contributed as equity to certain subsidiaries.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as equity, as shown in the condensed consolidated balance sheet plus net debt.

The gearing ratios at 30 June 2021 and 31 December 2020 were as follows:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Total borrowings (note 20)	74,715,169	67,839,360
Lease liabilities	673,489	717,686
Less: Cash and cash equivalents	(29,009,622)	(28,213,701)
Net debt	46,379,036	40,343,345
Total equity (including non-controlling interests)	69,681,627	64,276,115
Total capital	116,060,663	104,619,460
Gearing ratio	40.0%	38.6%

The total capital amount is subject to externally imposed capital requirement and the Group has complied with the capital requirement during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- The fair value of financial assets at FVOCI is derived through the Guideline Public Company Method by using the appropriate market multiples of comparable public company peers in the same or a similar industry.
- The fair value of foreign currency forwards is determined using present value of future cash flows based on the forward exchange rates at the balance sheet date.
- The fair value of embedded derivative of exchangeable bond is determined using binomial tree method.

Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 instrument for the six months ended 30 June 2021:

	Financial assets at FVOCI RMB'000	Total RMB'000
Opening balance at 1 January	1,247,902	1,247,902
Unrealised fair value changes recognised in other comprehensive income	(37,373)	(37,373)
Closing balance at 30 June	1,210,529	1,210,529
Includes unrealised loss in profit or loss attributable to balances held at the end of the reporting period	—	—

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements using significant unobservable inputs (Level 3) (Continued)

The following table presents the changes in level 3 instrument for the six months ended 30 June 2020:

	Financial assets at FVOCI RMB'000	Derivative financial instruments – embedded derivative of exchangeable bond RMB'000	Total RMB'000
Opening balance at 1 January	1,293,264	(1,347)	1,291,917
Mature in this period	—	1,347	1,347
Unrealised fair value changes recognised in other comprehensive income	(65,998)	—	(65,998)
Closing balance at 30 June	<u>1,227,266</u>	<u>—</u>	<u>1,227,266</u>
Includes unrealised loss in profit or loss attributable to balances held at the end of the reporting period	<u>—</u>	<u>—</u>	<u>—</u>

There were no changes made to any of the valuation techniques applied as at 31 December 2020.

Valuation process

The Group measures its financial assets at FVOCI. The level 3 financial assets were revalued by Jones Lang LaSalle Incorporated (“JLL”), an independent qualified valuer not related to the Group, who holds recognised relevant professional qualification at 30 June 2021.

The Group’s finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes, including level 3 fair values. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group’s interim and annual reporting dates.

The main Level 3 input used by the Group for financial assets at FVOCI pertains to the discount for lack of marketability. The discount for lack of marketability is quantified on the basis of relevant restricted stock studies and represents the most significant unobservable input applied to arrive at the fair value measurement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.4 FAIR VALUE OF OTHER FINANCIAL ASSETS AND LIABILITIES

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

- Trade receivables
- Cash and cash equivalents and charged bank deposits
- Other receivables
- Other payables and accrued charges
- Trade and note payables
- Borrowings
- Lease liabilities

6 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

The executive directors consider the business by nature of business activities and assess the performance of property development, property management, property investment and others.

The Group's operating and reportable segments under HKFRS 8 and the types of turnover are as follows:

Property development	sales of property development activities
Property management	property management services
Property investment	property rentals
Others	revenue from real estate agency and decoration services, etc.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors are measured in a manner consistent with that in the condensed consolidated interim financial information.

Total assets excluded deferred tax assets, prepaid taxation and corporate assets. Corporate assets are not directly attributable to segments.

Sales between segments are carried out on terms equivalent to those that prevail on arm's length transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the condensed consolidated statement of profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

The following table presents revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2021 and 30 June 2020 respectively.

	Property development RMB'000	Property management RMB'000	Property investment RMB'000	Others RMB'000	Group RMB'000
Six months ended 30 June 2021					
Revenue	22,467,611	958,185	367,375	1,705,205	25,498,376
Inter-segment revenue	—	(255,653)	(17,784)	(988,808)	(1,262,245)
Revenue from external customers	<u>22,467,611</u>	<u>702,532</u>	<u>349,591</u>	<u>716,397</u>	<u>24,236,131</u>
Revenue from contracts with customers:					
Recognised at a point in time	22,467,611	25,090	—	214,652	22,707,353
Recognised over time	—	677,442	—	501,745	1,179,187
Revenue from other sources:					
Rental income	—	—	349,591	—	349,591
	<u>22,467,611</u>	<u>702,532</u>	<u>349,591</u>	<u>716,397</u>	<u>24,236,131</u>
Segment results	<u>5,007,754</u>	<u>192,402</u>	<u>253,698</u>	<u>8,821</u>	<u>5,462,675</u>
Depreciation and amortisation	<u>(75,337)</u>	<u>(42,432)</u>	<u>—</u>	<u>(57,257)</u>	<u>(175,026)</u>
Fair value gains on revaluation of investment properties, net	<u>—</u>	<u>—</u>	<u>71,082</u>	<u>—</u>	<u>71,082</u>
Share of profit/(loss) of					
– joint ventures	23,242	270	—	(4,726)	18,786
– associated entities	<u>(34,046)</u>	<u>—</u>	<u>113,025</u>	<u>5,218</u>	<u>84,197</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (Continued)

	Property development RMB'000	Property management RMB'000	Property investment RMB'000	Others RMB'000	Group RMB'000
Six months ended 30 June 2020					
Revenue	22,541,774	582,721	304,263	1,397,991	24,826,749
Inter-segment revenue	—	(130,629)	(13,119)	(969,117)	(1,112,865)
Revenue from external customers	<u>22,541,774</u>	<u>452,092</u>	<u>291,144</u>	<u>428,874</u>	<u>23,713,884</u>
Revenue from contracts with customers:					
Recognised at a point in time	22,541,774	—	—	277,635	22,819,409
Recognised over time	—	452,092	—	151,239	603,331
Revenue from other sources:					
Rental income	—	—	291,144	—	291,144
	<u>22,541,774</u>	<u>452,092</u>	<u>291,144</u>	<u>428,874</u>	<u>23,713,884</u>
Segment results	<u>5,330,093</u>	<u>59,906</u>	<u>153,700</u>	<u>91,114</u>	<u>5,634,813</u>
Depreciation and amortisation	<u>(90,882)</u>	<u>(34,140)</u>	<u>—</u>	<u>(26,749)</u>	<u>(151,771)</u>
Fair value losses on revaluation of investment properties, net	<u>—</u>	<u>—</u>	<u>(18,042)</u>	<u>—</u>	<u>(18,042)</u>
Share of (loss)/profit of					
– joint ventures	(36,666)	—	—	(8,535)	(45,201)
– associated entities	<u>105,728</u>	<u>—</u>	<u>(75,917)</u>	<u>25,153</u>	<u>54,964</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

	Property development RMB'000	Property management RMB'000	Property investment RMB'000	Others RMB'000	Group RMB'000
As at 30 June 2021					
Segment assets	246,331,021	4,193,507	16,181,205	3,066,341	269,772,074
Interests in joint ventures	5,982,046	884	—	44,168	6,027,098
Interests in associated entities	5,616,048	—	7,632,251	1,239,815	14,488,114
Total reportable segments' assets	<u>257,929,115</u>	<u>4,194,391</u>	<u>23,813,456</u>	<u>4,350,324</u>	<u>290,287,286</u>
Total reportable segments' assets include: Additions to non-current assets (note)	<u>407,422</u>	<u>24,472</u>	<u>46,279</u>	<u>87,084</u>	<u>565,257</u>
As at 31 December 2020					
Segment assets	217,934,802	1,347,597	16,076,236	2,829,659	238,188,294
Interests in joint ventures	5,624,459	—	—	48,800	5,673,259
Interests in associated entities	4,738,074	—	7,564,256	1,251,883	13,554,213
Total reportable segments' assets	<u>228,297,335</u>	<u>1,347,597</u>	<u>23,640,492</u>	<u>4,130,342</u>	<u>257,415,766</u>
Total reportable segments' assets include: Additions to non-current assets (note)	<u>892,900</u>	<u>47,127</u>	<u>106,475</u>	<u>115,838</u>	<u>1,162,340</u>

Note: Non-current assets represent non-current assets other than properties under development, financial instruments, interests in joint ventures, interests in associated entities and deferred tax assets.

A reconciliation of total segment results to total profit before taxation is provided as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Segment results	5,462,675	5,634,813
Unallocated operating costs (note)	(13,802)	(69,395)
Other gains, net (note 8)	15,046	10,577
Operating profit	5,463,919	5,575,995
Finance income (note 9)	350,693	326,745
Finance costs (note 10)	(116,322)	(505,379)
Share of profit/(loss) of		
– joint ventures	18,786	(45,201)
– associated entities	84,197	54,964
Profit before taxation	<u>5,801,273</u>	<u>5,407,124</u>

Note: Unallocated operating costs include mainly staff salaries and other operating expenses of the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

A reconciliation of total segment assets to total assets is provided as follows:

	As at	
	30 June 2021 RMB'000	31 December 2020 RMB'000
Total reportable segments' assets	290,287,286	257,415,766
Deferred tax assets (note 23)	1,322,599	1,169,981
Prepaid taxation	4,687,571	3,307,405
Corporate assets (note)	931,951	1,302,848
Total assets	297,229,407	263,196,000

Note: Corporate assets represent property, plant and equipment, right-of-use assets, derivative financial instruments, other receivables and cash and cash equivalent of the Company.

For the six months ended 30 June 2021, no geographical segment analysis is shown as more than 90% of the Group's revenue are derived from activities in and from customers located in the China and more than 90% of the carrying values of the Group's non-current assets excluding deferred income tax are situated in China (six months ended 30 June 2020: same).

For the six months ended 30 June 2021, the Group does not have any single customer with the transaction value over 10% of the total external revenue (six months ended 30 June 2020: same).

7 EXPENSES BY NATURE

Cost of sales, selling and marketing costs and administrative expenses included the following:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Other tax and surcharges	207,074	132,570
Amortisation of right-of-use assets	95,934	87,797
Depreciation of property, plant and equipment (note 14)	45,914	42,613
Amortisation of intangible assets (note 17)	33,178	21,361
Impairment of properties held for sale	218,360	161,144

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 OTHER GAINS, NET

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Penalty income	19,894	8,309
Others	(4,848)	2,268
	15,046	10,577

9 FINANCE INCOME

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Interest income from bank deposits	193,347	120,770
Interest income from loans to associated entities (note 27 (b)(V), (VI), (VII), (VIII))	80,436	86,172
Interest income from loans to joint ventures (note 27 (b) (IX), (X), (XI), (XII), (XIII), (XIV))	52,414	119,803
Interest income from loans to non-controlling interest ("NCI") and related parties of NCI	24,496	—
	350,693	326,745

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 FINANCE COSTS

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Interest on borrowings and bank overdrafts	660,014	866,723
Interest on other borrowings	989,270	969,441
Interest on loan from NCI with significant influence over the subsidiaries (note 27 (b)(XV))	4,680	4,770
Interest on loan from NCI and related parties of NCI (note)	144,693	72,958
Interest on loan from intermediate holding company (note 27 (b)(I))	25,175	32,174
Interest on loan from a shareholder (note 27 (b)(XXI))	192,509	232,180
Interest on loan from associated entities (note 27 (b)(II), (XVI), (XVII), (XVIII))	9,583	9,355
Interest on loan from a fellow subsidiary (note 27 (b)(III))	2,421	546
Interest expense on lease liabilities	16,457	15,516
Net fair value losses/(gains) on derivative financial Instruments	691	(7,599)
Net foreign exchange gain on financing activities	(134,268)	(14,623)
Total borrowing costs incurred	1,911,225	2,181,441
Less: amount capitalised as properties under development and property, plant and equipment	(1,794,903)	(1,676,062)
	116,322	505,379

Note:

The amount represents interest on the amounts of subsidiaries of the Group due to NCI and related parties of NCI. Out of the total amount of approximately RMB9,946 million, the interest bearing balance is approximately RMB2,170 million as at 30 June 2021 (31 December 2020: RMB2,214 million) and bears interest at a weighted average rate of 6.82% per annum (2020: 6.74% per annum). The balance which is included in other payables and accrued charges is repayable on demand and denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 TAXATION

- (a) Hong Kong profits tax has been provided at the rate of 16.5 percent (2020: 16.5 percent) on the estimated assessable profit for the period.
- (b) China enterprise income taxation is provided on the profit of the Group's subsidiaries, associated entities and joint ventures in China at 25 percent (2020: 25 percent).

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to corporate withholding income tax at tax rates ranging from 5 percent to 10 percent. During the period, withholding income tax was provided for the dividend distributed and undistributed profit, recognised based on HKFRS, of the Group's subsidiaries, joint ventures and associated entities in China at tax rates ranging from 5 percent to 10 percent (2020: 5 percent to 10 percent).

- (c) China land appreciation tax is levied at progressive rates ranging from 30 percent to 60 percent on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land, development and construction.
- (d) The amount of taxation charged to the condensed consolidated statement of profit or loss comprises:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Current taxation		
– China enterprise income tax	1,496,020	1,391,340
– China land appreciation tax	1,447,584	1,714,294
– Corporate withholding income tax	313,262	128,512
Deferred taxation		
– Origination and reversal of temporary differences	(166,715)	(272,268)
– China land appreciation tax	(24,363)	(19,932)
– Corporate withholding income tax on undistributed profits	35,008	167,962
	3,100,796	3,109,908

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 EARNINGS PER SHARE

BASIC

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2021	2020
Profit attributable to equity holders of the Company (RMB'000)	2,300,418	1,994,723
Weighted average number of ordinary shares in issue ('000)	3,096,456	3,096,456
Basic earnings per share (RMB)	0.7429	0.6442

On 10 June 2021, every five issued existing shares of the Company were consolidated into one share of the Company (each a "Consolidated Share") and the number of Consolidated Shares was rounded down to the nearest whole number by disregarding each and every fractional Consolidated Share which would otherwise arise (the "Share Consolidation").

Comparative figures of the weighted average number of shares for calculating basic earnings per share has been adjusted on the assumption that the Share Consolidation had been effective in the prior period.

DILUTED

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there was no dilutive potential ordinary shares during the six months ended 30 June 2021, diluted earnings per share is equal to basic earnings per share (six months ended 30 June 2020: same).

13 DIVIDENDS

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
2020 final, declared and unpaid, of HKD0.063 equivalent to RMB0.053 (2019: HKD0.049 equivalent to RMB0.044) per ordinary share	815,827	691,358
2021 interim, proposed, of HKD0.326 equivalent to RMB0.271 (2020: HKD0.285 equivalent to RMB0.255 (after Share Consolidation)/ HKD0.057 equivalent to RMB0.051 (before Share Consolidation)) per ordinary share	839,140	789,596

The interim dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date. It will be recognised in shareholders' equity during the year ended 31 December 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 PROPERTY, PLANT AND EQUIPMENT

	2021 RMB'000	2020 RMB'000
At 1 January	3,201,114	2,505,924
Exchange differences	(241)	158
Additions	415,400	163,178
Disposals	(17,798)	(7,738)
Depreciation (note 7)	(45,914)	(42,613)
At 30 June	<u>3,552,561</u>	<u>2,618,909</u>

15 RIGHT-OF-USE ASSETS

	Land use rights RMB'000	Properties RMB'000	Total RMB'000
At 1 January 2021	3,224,510	702,815	3,927,325
Additions	—	58,782	58,782
Amortisation	(23,971)	(95,172)	(119,143)
At 30 June 2021	<u>3,200,539</u>	<u>666,425</u>	<u>3,866,964</u>

	Land use rights RMB'000	Properties RMB'000	Total RMB'000
At 1 January 2020	3,412,710	653,078	4,065,788
Additions	—	85,891	85,891
Amortisation	(40,074)	(82,536)	(122,610)
At 30 June 2020	<u>3,372,636</u>	<u>656,433</u>	<u>4,029,069</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 INVESTMENT PROPERTIES

	2021 RMB'000	2020 RMB'000
At 1 January	16,076,236	9,438,108
Exchange differences	(7,413)	15,116
Additions	46,279	—
Disposals	(4,979)	(6,602)
Fair value gains/(losses), net	71,082	(18,042)
At 30 June	<u>16,181,205</u>	<u>9,428,580</u>

17 INTANGIBLE ASSETS

	2021 RMB'000	2020 RMB'000
At 1 January	386,945	85,995
Additions	44,796	26,342
Amortisation (note 7)	(33,178)	(21,361)
At 30 June	<u>398,563</u>	<u>90,976</u>

18 TRADE RECEIVABLES

The Group's credit period of the trade receivables is 90 days from the date of invoice. The ageing analysis of trade receivables is as follows:

	As at	
	30 June 2021 RMB'000	31 December 2020 RMB'000
Up to 1 year	136,078	171,933
1 to 2 years	8,954	13,318
2 to 3 years	2,260	4,044
Over 3 years	8,809	8,809
	<u>156,101</u>	<u>198,104</u>
Less: provision for impairment of trade receivables	(34,409)	(36,267)
	<u>121,692</u>	<u>161,837</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 TRADE AND NOTE PAYABLES

The ageing analysis of trade and note payables is as follows:

As at		
	30 June 2021 RMB'000	31 December 2020 RMB'000
0 - 30 days	532,564	746,187
31 - 90 days	1,107,016	508,680
91 - 180 days	332,684	716,632
181 - 365 days	49,660	261,142
1 - 2 years	5,612	13,331
Over 2 years	13,335	9,734
	2,040,871	2,255,706

20 BORROWINGS

As at		
	30 June 2021 RMB'000	31 December 2020 RMB'000
Non-current		
Long-term bank borrowings		
– Secured	10,575,352	12,393,831
– Unsecured	12,426,200	10,600,691
Other borrowings (a)		
– Secured	—	187,500
– Unsecured	29,471,237	28,081,094
	52,472,789	51,263,116
Current		
Bank overdrafts	29	32
Short-term bank borrowings		
– Unsecured	1,010,741	90,378
Current portion of long-term bank borrowings		
– Secured	4,402,611	372,968
– Unsecured	6,261,682	5,513,953
Other borrowings (a)		
– Secured	577,170	586,160
– Unsecured	9,990,147	10,012,753
	22,242,380	16,576,244
Total borrowings	74,715,169	67,839,360

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 BORROWINGS *(Continued)*

(a) OTHER BORROWINGS

(i) PRC corporate bonds

In 2016, the Group issued aggregated nominal value of RMB8,000 million corporate bonds with interest rates ranging from 2.95% to 3.19% per annum and with maturity between 3 years to 7 years. The net proceed, after deducting the issuance costs, amounted to RMB7,968 million. In 2019, an amount of RMB1,000 million of corporate bonds were matured and the issuer adjusted certain coupon rates.

In 2018, the Group issued aggregated nominal value of RMB1,500 million corporate bonds with interest rates ranging from 4.24% to 4.25% per annum and with maturity between 3 years to 5 years. The net proceed, after deducting the issuance costs, amounted to approximately RMB1,494 million.

In 2019, the Group issued aggregated nominal value of RMB2,500 million corporate bonds with interest rates ranging from 3.85% to 3.93% per annum and with maturity between 3 years to 5 years. The net proceed, after deducting the issuance costs, amounted to RMB2,491 million.

In 2019, the Group issued aggregated nominal value of RMB1,500 million corporate bonds with interest rates of 3.60% per annum and with maturity of 5 years. The net proceed, after deducting the issuance costs, amounted to RMB1,494 million.

In 2019, the Group issued aggregated nominal value of RMB1,500 million corporate bonds with interest rates of 3.83% per annum and with maturity of 5 years. The net proceed, after deducting the issuance costs, amounted to RMB1,494 million.

In 2020, the Group issued aggregated nominal value of RMB1,500 million corporate bonds with interest rates of 3.13% per annum and with maturity of 5 years. The net proceed, after deducting the issuance costs, amounted to RMB1,494 million.

Except for the PRC corporate bonds amounting to RMB9,250 million, other PRC corporate bonds contain the early redemption options, which means the Group shall be entitled to adjust the coupon rate whereas the investors shall be entitled to sell back in whole or in part the bonds.

Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the early redemption options was insignificant as at 30 June 2021 and 31 December 2020.

Guangzhou Yue Xiu Holdings Limited ("Guangzhou Yue Xiu"), the ultimate holding company, provides guarantee for above corporate bond (note 27(e)).

(ii) Private placement note

In 2019, the Group issued aggregated nominal value of RMB1,800 million private placement note with interest rates of 4.03% per annum and with maturity of 5 years. The net proceed, after deducting the issuance costs, amounted to RMB1,797 million.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 BORROWINGS (Continued)

(a) OTHER BORROWINGS (Continued)

(iii) Medium term notes

In 2013, the Group issued medium-term notes of USD500 million with an interest rate of 4.50% per annum and with maturity in 2023.

In 2014, the Group issued medium term notes of HKD2,300 million with an interest rate of 6.10% per annum and with maturity in 2029.

In 2018, the Group borrowed a loan of RMB1,111 million with a 9-year maturity. The interest rates are ranging from 4.98% to 5.50% per annum.

In 2018, the Group issued medium term notes of USD1,200 million with interest rates ranging from 4.875% to 5.375% per annum and with maturity between 2021 to 2023. The net proceed, after deducting the issuance costs, amounted to USD1,191 million.

(iv) Exchangeable bond

The Group issued exchangeable bonds with an aggregate cash proceeds of HKD1.1 billion, which was matured on 27 April 2020. The bonds bear interest at the rate of 1.875% per annum. There was no bondholder to exercise the right to exchange its bonds with the share of units in Yuexiu Real Estate Investment Trust ("Yuexiu REIT") and the exchange bond was repaid in 2020.

The maturity of borrowings is as follows:

	Bank borrowings and overdrafts		Other borrowings	
	As at		As at	
	30 June 2021 RMB'000	31 December 2020 RMB'000	30 June 2021 RMB'000	31 December 2020 RMB'000
Within one year	11,675,063	5,977,331	10,567,317	10,598,913
In the second year	9,923,517	12,839,679	8,549,772	5,962,989
In the third to fifth year	9,502,035	7,172,868	18,052,276	20,384,948
Over five years	3,576,000	2,981,975	2,869,189	1,920,657
	34,676,615	28,971,853	40,038,554	38,867,507

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 SHARE CAPITAL

	Number of shares 2021 (‘000)	Number of shares 2020 (‘000)	Share capital 2021 RMB’000	Share capital 2020 RMB’000
At 1 January	15,482,280	15,482,280	18,035,015	18,035,015
Share Consolidation (note)	(12,385,824)	—	—	—
At 30 June	3,096,456	15,482,280	18,035,015	18,035,015

Note:

On 10 June 2021, every five issued existing shares of the Company were consolidated into one share of the Company and the number of Consolidated Shares was rounded down to the nearest whole number by disregarding each and every fractional Consolidated Share which would otherwise arise.

22 RESERVES

	Statutory reserves (note (a)) RMB’000	Exchange fluctuation reserve RMB’000	Financial assets at FVOCI reserve RMB’000	Hedging reserve RMB’000	Other reserve RMB’000	Retained earnings RMB’000	Total RMB’000
Balance at 1 January 2021	1,104,691	(508,583)	758,427	162,777	(291,673)	24,608,285	25,833,924
Currency translation differences	—	34,462	—	—	—	—	34,462
Change in the fair value of equity investments at FVOCI							
– gross	—	—	(35,504)	—	—	—	(35,504)
– tax	—	—	8,876	—	—	—	8,876
– effect of withholding tax	—	—	2,263	—	—	—	2,263
Gains on cashflow hedges	—	—	—	1,242	—	—	1,242
Costs of hedging	—	—	—	(35,279)	—	—	(35,279)
Profit attributable to shareholders	—	—	—	—	—	2,300,418	2,300,418
Transfer to statutory reserves	290,716	—	—	—	—	(290,716)	—
Dividend (note 13)	—	—	—	—	—	(815,827)	(815,827)
Capital injection by non-controlling interests (note (b))	—	—	—	—	888,154	—	888,154
At 30 June 2021	1,395,407	(474,121)	734,062	128,740	596,481	25,802,160	28,182,729

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 RESERVES (Continued)

	Statutory reserves (note (a)) RMB'000	Exchange fluctuation reserve RMB'000	Financial assets at FVOCI reserve RMB'000	Hedging reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2020	728,636	(708,415)	788,000	50,801	(291,673)	22,202,721	22,770,070
Currency translation differences	—	(218,092)	—	—	—	—	(218,092)
Change in the fair value of equity investments at FVOCI							
– gross	—	—	(62,698)	—	—	—	(62,698)
– tax	—	—	15,675	—	—	—	15,675
– effect of withholding tax	—	—	3,997	—	—	—	3,997
Losses on cashflow hedges	—	—	—	(5,955)	—	—	(5,955)
Costs of hedging	—	—	—	61,004	—	—	61,004
Profit attributable to shareholders	—	—	—	—	—	1,994,723	1,994,723
Transfer to statutory reserves	258,002	—	—	—	—	(258,002)	—
Dividend (note 13)	—	—	—	—	—	(691,358)	(691,358)
At 30 June 2020	986,638	(926,507)	744,974	105,850	(291,673)	23,248,084	23,867,366

Note:

- (a) Statutory reserves represent enterprise expansion and general reserve funds set up by the subsidiaries, joint ventures and associated entities in China. As stipulated by regulations in China, the Company's subsidiaries, joint ventures and associated entities established and operated in China are required to appropriate a portion of their after-tax profits (after offsetting prior year losses) to the enterprise expansion and general reserve funds, at rates determined by their respective boards of directors. According to the Regulations for the Implementation of the Law of The People's Republic of China on Joint Ventures Using Chinese and Foreign Investment, upon approval, the general reserve funds may be used for making up losses and increasing capital while the enterprise expansion funds may be used for increasing capital only.
- (b) A subsidiary of the Group, Yuexiu Services Group Limited ("Yuexiu Services") issued and allotted 90,359,677 shares to Guangzhou Metro Investment Finance (HK) Limited on 8 February 2021 ("Pre-IPO Investment") at a consideration of RMB330,000,000.

On 28 June 2021, Yuexiu Services issued a total of 369,660,000 ordinary shares at a price of HK\$4.88 per share ("Offering Price") as a result of the completion of the listing on the Main Board of Hong Kong Stock Exchange ("New Issue"). Net proceeds of the New Issue amounted to RMB1,455,988,000. And the Group lent 55,449,000 shares of Yuexiu Services (the "Loaned Securities") to Yuexiu Securities Company Limited ("Yue Xiu Securities") for the purpose of facilitating settlement of Yuexiu Services' over-allotments in the international offering (note 28).

The Company's equity interest in Yuexiu Services was diluted from 100% to 65.14% after above transactions as of 30 June 2021 and Yuexiu Services is still the subsidiary of the Company. The difference between the net proceed of Pre-IPO Investment and New Issue and the carrying amount of Yuexiu Services' net assets of relevant shares diluted, amounting to RMB888,154,000 was recorded as a credit to the other reserves.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using the applicable income tax rate.

Deferred taxation as at 30 June 2021 and 31 December 2020 represents:

As at		
	30 June 2021 RMB'000	31 December 2020 RMB'000
Deferred tax assets		
– China enterprise income tax	1,322,599	1,169,981
Deferred tax liabilities		
– Hong Kong profits tax	29,125	28,301
– China enterprise income tax	5,950,579	5,942,098
– China land appreciation tax	1,139,280	1,163,643
	7,118,984	7,134,042

24 GUARANTEES

As at		
	30 June 2021 RMB'000	31 December 2020 RMB'000
Guarantees for mortgage facilities granted to certain property purchasers of the Group's properties (note (a))	35,440,069	32,036,004
Guarantee for banking and loan facility granted to associated entities (note (b))	2,840,228	1,125,228
Guarantees for banking and loan facilities granted to joint ventures (note (b))	3,266,820	2,281,820
	41,547,117	35,443,052

Notes:

- (a) 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, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates.
- (b) As at 30 June 2021, certain subsidiaries of the Group provided guarantee up to a limit of approximately RMB6,107 million (31 December 2020: RMB3,407 million) in respect of loans borrowed by joint ventures and associated entities of the Group, among which, guarantee of approximately RMB1,543 million (31 December 2020: RMB1,077 million) was utilised and guarantee of approximately RMB4,564 million (31 December 2020: RMB2,330 million) was not utilised yet.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

25 CAPITAL COMMITMENTS

	As at	
	30 June 2021 RMB'000	31 December 2020 RMB'000
Capital commitments in respect of property, plant and equipment:		
Contracted but not provided for	—	45,429
Authorised but not contracted for	—	15,487
	—	60,916

26 SECURITIES FOR BANKING FACILITIES

At 30 June 2021, certain banking facilities and loans granted to the Group were secured by:

- (a) mortgages of certain of the Group's properties under development, investment properties and property, plant and equipment with aggregate carrying values of approximately RMB24,303 million (31 December 2020: RMB23,140 million), RMB6,752 million (31 December 2020: RMB6,691 million) and RMB706 million (31 December 2020: RMB706 million) respectively; and
- (b) mortgages of certain of the Group's right-of-use assets with an aggregate carrying value of RMB7 million (31 December 2020: RMB7 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

27 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) RELATED PARTIES

The Company's ultimate holding company is Guangzhou Yue Xiu. The table below summarises the names of related parties, with whom the Group has significant transactions during the period ended 30 June 2021, and their relationship with the Company as at 30 June 2021:

Significant related parties	Relationship with the Company
Guangzhou Yue Xiu	Ultimate holding company
廣州地鐵集團有限公司 ("Guangzhou Metro")	A shareholder
Yue Xiu Enterprises (Holdings) Limited ("YXE")	Intermediate holding company
Yuexiu REIT	An associated entity
杭州星日房地產開發有限公司 ("杭州星日")	An associated entity
廣州綠嶸房地產開發有限公司 ("綠嶸")	An associated entity
武漢錦秀嘉合置業有限公司 ("武漢錦秀")	An associated entity
廣州宏軒房地產開發有限公司 ("廣州宏軒")	An associated entity
廣州宏嘉房地產開發有限公司 ("廣州宏嘉")	An associated entity
廣州璟擘房地產開發有限公司 ("廣州璟擘")	An associated entity
廣州越宏房地產開發有限公司 ("廣州越宏")	An associated entity
廣州智聯汽車小鎮投資發展有限公司 ("智聯汽車小鎮")	A joint venture
廣州廣宏房地產開發有限公司 ("廣宏")	A joint venture
濟南鵬遠置業有限公司 ("濟南鵬遠")	A joint venture
湖北宏秀房地產開發有限公司 ("湖北宏秀")	A joint venture
東莞雋瑞房地產開發有限公司 ("東莞雋瑞")	A joint venture
成都人居興天府置業有限公司 ("興天府置業")	A joint venture
Chong Hing Bank Limited ("CHB")	A fellow subsidiary
Guangzhou Yuexiu Financial Leasing Co., Ltd ("GYFL")	A fellow subsidiary
廣州越展資產經營管理有限公司 ("越展")	A fellow subsidiary
廣州造紙集團有限公司 ("廣州造紙")	A fellow subsidiary
Guangzhou City Construction & Development Holdings Co.,Ltd. ("GCCD")	A fellow subsidiary
桐鄉市安豪投資管理有限公司 ("桐鄉安豪")	NCI with significant influence over the subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

27 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(b) TRANSACTIONS WITH RELATED PARTIES

Save as disclosed elsewhere in this condensed consolidated interim financial information, the Group had the following significant transactions with related parties during the period:

Six months ended 30 June		
	2021 RMB'000	2020 RMB'000
(I) Transactions with YXE		
Interest expense (note 10)	(25,175)	(32,174)
(Loss)/gain on foreign currency forward	(58,905)	60,163
Interest expense on lease liabilities	(71)	(141)
Repayment of lease liabilities	(2,562)	(1,810)
(II) Transactions with Yuexiu REIT		
Tenancy service fees income	21,876	19,867
Interest expense (note 10)	(1,843)	(9,355)
Expense related to short-term leases	(24,019)	(39,384)
Support expenses on support arrangement	—	(13,161)
Addition of right-of-use assets	23,765	—
Interest expense on lease liabilities	(1,303)	(2,484)
Repayment of lease liabilities	(30,779)	(36,224)
(III) Transaction with CHB		
Deposit interest income	23,366	9,101
Rental income	6,333	6,050
Interest expense (note 10)	(2,421)	(546)
Exchange (loss)/gain on bank deposits	(9,817)	10,363
Proceeds from management service	897	947
(Loss)/gain on foreign currency forward	(17,856)	46,713
(IV) Transaction with GYFL		
Rental income	4,733	4,888
(V) Transaction with 廣州越宏		
Interest income (note 9)	44,625	—
(VI) Transaction with 武漢錦秀		
Interest income (note 9)	35,811	—
(VII) Transaction with 綠嶸		
Interest income (note 9)	—	70,287
(VIII) Transaction with 杭州星日		
Interest income (note 9)	—	15,885

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

27 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) TRANSACTIONS WITH RELATED PARTIES (Continued)

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
(IX) Transaction with 湖北宏秀 Interest income (note 9)	45,119	—
(X) Transaction with 東莞雋瑞 Interest income (note 9)	3,606	—
(XI) Transaction with 智聯汽車小鎮 Interest income (note 9)	1,862	107,713
(XII) Transaction with 興天府置業 Interest income (note 9)	1,827	—
(XIII) Transaction with 廣宏 Interest income (note 9)	—	11,746
(XIV) Transaction with 濟南鵬遠 Interest income (note 9)	—	344
(XV) Transaction with 桐鄉安豪 Interest expense (note 10)	(4,680)	(4,770)
(XVI) Transaction with 廣州宏軒 Interest expense (note 10)	(3,531)	—
(XVII) Transaction with 廣州宏嘉 Interest expense (note 10)	(3,321)	—
(XVIII) Transaction with 廣州環擘 Interest expense (note 10)	(888)	—
(XIX) Transaction with 越展 Interest expense on lease liabilities	(2,615)	(2,777)
Repayment of lease liabilities	(6,050)	(6,010)
(XX) Transaction with 廣州造紙 Interest expense on lease liabilities	(1,123)	(1,254)
Repayment of lease liabilities	(2,322)	(2,457)
(XXI) Transaction with Guangzhou Metro Interest expense (note 10)	(192,509)	(232,180)
Management service income	102,778	5,272
Rental expenses	(327)	—
Interest expense on lease liabilities	(36)	—
Repayment of lease liabilities	(866)	—

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

27 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(c) BALANCES WITH RELATED PARTIES

		As at	
	Note	30 June 2021 RMB'000	31 December 2020 RMB'000
Amount due to ultimate holding company	(i), (ii)	—	(6,251)
Amount due to intermediate holding company	(i), (ii)	(1,651,676)	(3,602,107)
Amounts due from associated entities	(i), (iii)	3,068,337	3,019,948
Amounts due to associated entities	(ii), (vi)	(10,672,860)	(10,509,040)
Amounts due from joint ventures	(i), (iv), (v)	5,209,185	2,367,890
Amounts due to joint ventures	(i), (ii)	(3,657,196)	(3,221,819)
Amounts due from related companies	(i), (ii)	37,889	39,805
Amounts due to related companies	(i), (ii)	(31,564)	(39,992)
Amounts due to fellow subsidiaries	(i), (ii)	(411,663)	(478,333)
Amounts due to a shareholder	(vii)	(5,582,661)	(6,968,253)
Amounts due from NCI with significant influence over the subsidiaries	(i), (ii)	2,744,502	1,446,002
Amounts due to NCI with significant influence over the subsidiaries	(ii), (viii)	(218,762)	(214,081)
Deposits in a fellow subsidiary	(ix)	1,089,113	2,095,410
Bank borrowing from a fellow subsidiary	(x)	(114,840)	—
Lease liabilities to intermediate holding company	(xi)	(856)	(3,149)
Lease liabilities to associated entities	(xi)	(60,326)	(67,385)
Lease liabilities to fellow subsidiaries	(xi)	(151,383)	(158,828)
Accrual for construction cost payable to a shareholder	(xii)	(172,600)	(980,800)

Except for the amounts due from joint ventures of approximately RMB104,760,000 (31 December 2020: RMB104,991,000), amount due to an associated entity of approximately RMB217,346,000 (31 December 2020: RMB202,738,000), amount due to a joint venture of approximately RMB52,760,000 (31 December 2020: RMB53,356,000), lease liabilities to intermediate holding company of approximately RMB856,000 (31 December 2020: RMB3,149,000), amount due to intermediate holding company of approximately RMB715,000 (31 December 2020: RMB378,843,000), and bank deposit in a fellow subsidiary of approximately RMB11,686,000 (31 December 2020: RMB11,749,000) which are denominated in HKD, bank deposit in a fellow subsidiary of approximately RMB3,203,000 (31 December 2020: RMB460,096,000), amount due to intermediate holding company of nil (31 December 2020: RMB457,195,000) and amount due from an associated entity of approximately RMB581,409,000 (31 December 2020: RMB617,688,000) which are denominated in USD, other related party balances are denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

27 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(c) BALANCES WITH RELATED PARTIES *(Continued)*

Notes:

- (i) These balances are unsecured, interest free and repayable or receivable on demand.
- (ii) These balances are included in other receivables, prepayments and deposits or other payables and accrued charges, as appropriate.
- (iii) The balance is included in interests in associated entities except for an amount of approximately RMB1,711,748,000 (31 December 2020: RMB1,907,943,000) which is included in other receivables, prepayments and deposits.
- (iv) The balance is included in interests in joint ventures except for an amount of RMB2,985,092,000 (31 December 2020: RMB14,066,000) which is included in other receivables, prepayments and deposits.
- (v) These balances are not in default or impaired, except for a provision for impairment losses of approximately RMB999,000 (31 December 2020: RMB999,000) which is made for an amount due from a joint venture.
- (vi) Except for an amount of approximately RMB40,720,000 (31 December 2020: RMB40,720,000) which is unsecured and interest bearing at 9% per annum (2020: 9% per annum), and an amount of approximately RMB353,868,000 (31 December 2020: RMB353,868,000) which is unsecured and interest bearing at 4.35% per annum (2020: 4.31% per annum), the remaining balances are unsecured, interest free and repayable on demand.
- (vii) The balance of loan from a shareholder, Guangzhou Metro was approximately RMB5,307,630,000 as at 30 June 2021 (31 December 2020: RMB6,243,301,000), with an interest rate of 6.50% per annum (2020: 6.50% per annum) is repayable from 2022 to 2025. The remaining balance is interest payable which is payable quarterly.
- (viii) Except for an amount of approximately RMB163,311,000 (31 December 2020: RMB163,311,000), which is unsecured and interest bearing at 5.7% per annum (2020: 5.7% per annum), the remaining balances are unsecured, interest free and receivable on demand.
- (ix) These balances are deposits maintained with a fellow subsidiary on normal commercial terms.
- (x) As at 30 June 2021, these balances were unsecured and interest bearing at 4.51% per annum (31 December 2020: RMB nil).
- (xi) The Group leases office premises from an intermediate holding company and associated entities, and premises for elder-care and medical services use from fellow subsidiaries. The monthly rents payable by the Group during the leasing terms are determined with reference to the prevailing market prices.
- (xii) The balance is payable to Guangzhou Metro for the project construction on normal commercial terms.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

27 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(d) KEY MANAGEMENT COMPENSATION

Key management compensation amounted to RMB5,238,000 for the six months ended 30 June 2021 (for the six months ended 30 June 2020: RMB3,907,000).

(e) GUARANTEE RECEIVED

- (i) Guangzhou Yue Xiu provides guarantee for the corporate bonds of Guangzhou City Construction & Development Co. Ltd, a subsidiary of the Group, amounted to approximately RMB15,480 million as at 30 June 2021 (31 December 2020: RMB15,473 million).
- (ii) Guangzhou Yue Xiu provides guarantee for bank loan of Wuhan Kangjing Industrial Investment Co., Ltd, a subsidiary of the Group, amounted to RMB1,100 million as at 30 June 2021 (31 December 2020: RMB1,500 million).
- (iii) GCCD provides guarantee for bank loan of Guangzhou City Construction & Development Group Nansha Co. Ltd, a subsidiary of the Group, amounted to RMB60 million as at 30 June 2021 (31 December 2020: RMB60 million).
- (iv) GCCD provides corporate guarantee for other loan of Wuhan Kangjing Industrial Investment Co.,Ltd., a subsidiary of the Group, amounted to RMB16 million as at 30 June 2021 (31 December 2020: RMB16 million).

(f) PROVISION OF GUARANTEE

The Group provides guarantee for the borrowing of associated entities and joint ventures, see note 24.

28 SUBSEQUENT EVENT

On 22 June 2021, the Group agreed to lend and transfer 55,449,000 shares of Yuexiu Services to Yue Xiu Securities, the joint representative on behalf of the international underwriters, for the purpose of facilitating settlement of Yuexiu Services' over-allotments in the international offering. On 26 July 2021, Yue Xiu Services returned the Loaned Securities to the Group by purchasing 12,038,500 shares from the trading market and issuing 43,410,500 additional shares at Offering Price to the Group. The Company's equity interest in Yuexiu Services is 66.92%.

OTHER INFORMATION

INTERESTS OF DIRECTORS/CHIEF EXECUTIVE

As at 30 June 2021, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which are required to be recorded in the register maintained by the Company under Section 352 of the SFO or notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

THE COMPANY

Long positions in shares of the Company:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate % of interest
Mr Lin Zhaoyuan (Note 1)	Beneficial Owner/ Beneficiary of a trust	1,589,527	0.051
Mr Lin Feng (Note 2)	Beneficial Owner/ Beneficiary of a trust/ Spouse interest	1,920,954	0.062
Mr Li Feng	Beneficial Owner	34,580	0.001
Ms Liu Yan	Beneficial Owner	3,400	0.0001
Mr Yu Lup Fat Joseph	Beneficial Owner	800,000	0.026
Mr Lee Ka Lun	Beneficial Owner	640,000	0.021
Mr Lau Hon Chuen Ambrose	Beneficial Owner	968,240	0.031

Note 1: Mr Lin Zhaoyuan is interested in 1,589,527 Shares, out of which 556,290 Shares are owned by him as beneficial owner, 1,023,237 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust For Directors and Senior Management.

Note 2: Mr Lin Feng is interested in 1,920,954 Shares, out of which 970,822 Shares are owned by him as beneficial owner, 930,132 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust For Directors and Senior Management and 20,000 Shares are held by his spouse.

YUEXIU TRANSPORT INFRASTRUCTURE LIMITED

Long positions in shares of Yuexiu Transport Infrastructure Limited:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate % of interest
Mr Lin Zhaoyuan	Beneficial Owner	120	0.00001
Ms Liu Yan	Beneficial Owner	485	0.00003
Mr Lau Hon Chuen Ambrose	Beneficial Owner	195,720	0.012

Save as disclosed herein, as at 30 June 2021, none of the directors of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its other associated corporations (within the meaning of Part XV of the SFO), which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

Save as disclosed herein, at no time in the first half of 2021 was the Company or a subsidiary a party to any arrangement to enable the directors of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DISCLOSEABLE INTERESTS OF SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 30 June 2021, the following persons had an interest or short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity	Number of shares held	Approximate % of interest
廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited) (Note 1)	Interests of controlled corporations	1,231,889,530 (Long position)	39.78
Yue Xiu Enterprises (Holdings) Limited ("YXE")	Interests of controlled corporations	1,231,889,530 (Long position)	39.78
廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.) (Note 2)	Interests of controlled corporations	616,194,761 (Long position)	19.90

Note 1:

Pursuant to the SFO, 廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited) is deemed to be interested in 1,231,889,530 shares in the Company as a result of its indirect holding of such shares through its wholly-owned subsidiaries, details of which were as follows:

Name	Long positions in shares
YXE	1,231,889,530
Superb Master Ltd. ("Superb") (Note i)	80,397,924
Bosworth International Limited ("Bosworth") (Note i)	840,586,830
Novena Pacific Limited ("Novena") (Note i)	195,613,181
Morrison Pacific Limited ("Morrison") (Note i)	54,653,344
Greenwood Pacific Limited ("Greenwood") (Note i)	46,937,854
Goldstock International Limited ("Goldstock") (Note i)	12,183,626
Yue Xiu Finance Company Limited ("Yue Xiu Finance") (Note i)	1,516,771

(i) Superb, Bosworth, Novena, Morrison, Greenwood, Goldstock and Yue Xiu Finance are wholly-owned by YXE.

Note 2:

Pursuant to the SFO, 廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.) is deemed to be interested in 616,194,761 shares in the Company as a result of its indirect holding of such shares through its wholly-owned subsidiaries, details of which were as follows:

Name	Long positions in shares
Guangzhou Metro Investment Finance (HK) Limited (Note i)	616,194,761

(i) 616,194,761 shares were held by Guangzhou Metro Investment Finance (HK) Limited, which was wholly-owned by 廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.)

Saved as disclosed herein, as at 30 June 2021, the Company had not been notified of any other persons who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register of interests of the Company required to be kept under Section 336 of the SFO.

OTHER INFORMATION

CORPORATE GOVERNANCE

Save as disclosed below, the Company has complied with the code provisions as set out in the Corporate Governance Code throughout the six months ended 30 June 2021.

CODE PROVISION A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the non-executive directors of the Company is appointed for a specific term. However, all the non-executive directors of the Company are subject to retirement by rotation at the general meeting of the Company in accordance with the Company's Articles of Association. All the non-executive directors of the Company had retired by rotation during the past 3 years. They have been re-elected.

REVIEW OF INTERIM RESULTS

The results of the Group for the six months ended 30 June 2021 have been reviewed by the Audit Committee and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CHANGES IN DIRECTOR'S BIOGRAPHICAL DETAILS

Changes in director's biographical details since the date of 2020 Annual Report of the Company, which are required to be disclosed pursuant to Rules 13.51(2) and 13.51B of the Listing Rules, are set out below.

Mr Lin Feng was re-designated as a non-executive director and appointed as the chairman of the board of directors of YUEXIU SERVICES GROUP LIMITED ("YUEXIU SERVICES") on 1 February, 2021. The shares of YUEXIU SERVICES are listed on the Main Board of the Stock Exchange since 28 June 2021 and the stock code is 6626.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry of all the directors has been made and all the directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company has not redeemed any of its shares during the six months ended 30 June 2021. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 20 October 2021 to Friday, 22 October 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Tuesday, 19 October 2021.