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## **Logan Property Holdings Company Limited**

**龍光地產控股有限公司**

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

**(Stock code: 3380)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013**

#### **2013 RESULTS HIGHLIGHTS**

- Contracted sales increased by 35.6% to RMB13,208.1 million
- Turnover increased by 68.8% to RMB11,119.4 million
- Gross profit increased by 60.8% to RMB4,115.7 million
- Core Profit for the year excluding changes in fair value of investment properties and the relevant deferred tax (“Core Profit”) increased by 73.6% to RMB2,044.9 million. Core Profit margin increased by 0.5 percentage point to 18.4%
- Net debt-to-equity ratio reduced by 32.3 percentage points to 60.9% as at 31 December 2013
- Proposed final dividend of Hong Kong 11 cents per share (equivalent to approximately RMB433.9 million<sup>(1)</sup>), representing 21.6% of Core Profit excluding non-controlling interests
- As at 31 December 2013, land reserve was 10,995,910 sq.m. and the average land cost was RMB1,045 per sq.m.
- The total GFA of newly acquired lands in 2013 was 2,003,072 sq.m. and the average land cost was approximately RMB1,909 per sq.m.

(1) The exchange rate of RMB to HKD refers to the middle price of China Foreign Exchange Trading System as at 27 February 2014.

## ANNUAL RESULTS

The Board of Directors of Logan Property Holdings Company Limited (the “Company”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2013 as follows.

### CONSOLIDATED INCOME STATEMENT

(For the year ended 31 December 2013)

	Note	2013 RMB'000	2012 RMB'000
<b>Turnover</b>	3	<b>11,119,424</b>	6,587,660
Direct costs		<u>(7,003,729)</u>	<u>(4,027,359)</u>
<b>Gross profit</b>		<b>4,115,695</b>	2,560,301
Other revenue	4(a)	<b>27,665</b>	33,775
Other net (loss)/income	4(b)	<b>(17,954)</b>	522
Selling and marketing expenses		<b>(304,131)</b>	(205,686)
Administrative expenses		<b>(424,655)</b>	(280,059)
Net increase in fair value of investment properties		<u><b>15,185</b></u>	<u>836,652</u>
<b>Profit from operations</b>		<b>3,411,805</b>	2,945,505
Finance costs		<u><b>(103,140)</b></u>	<u>(170,218)</u>
<b>Profit before taxation</b>	5(a)	<b>3,308,665</b>	2,775,287
Income tax	6	<u><b>(1,252,362)</b></u>	<u>(958,318)</u>
<b>Profit for the year</b>		<u><b>2,056,303</b></u>	<u>1,816,969</u>
<b>Attributable to:</b>			
– Equity shareholders of the Company		<b>2,024,156</b>	1,794,068
– Non-controlling interests		<u><b>32,147</b></u>	<u>22,901</u>
<b>Profit for the year</b>		<u><b>2,056,303</b></u>	<u>1,816,969</u>
<b>Basic and diluted earnings per share</b> (RMB cents)	8	<u><b>47.35</b></u>	<u>42.21</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(For the year ended 31 December 2013)

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
<b>Profit for the year</b>	<b>2,056,303</b>	1,816,969
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>		
Exchange differences on translation of financial statements of overseas entities	<u>15,697</u>	<u>(67)</u>
<b>Total comprehensive income for the year</b>	<b><u>2,072,000</u></b>	<b><u>1,816,902</u></b>
<b>Attributable to:</b>		
– Equity shareholders of the Company	<b>2,039,853</b>	1,794,001
– Non-controlling interests	<u>32,147</u>	<u>22,901</u>
<b>Total comprehensive income for the year</b>	<b><u>2,072,000</u></b>	<b><u>1,816,902</u></b>

**CONSOLIDATED BALANCE SHEET**  
(As at 31 December 2013)

	<i>Note</i>	<b>2013</b> <b>RMB'000</b>	2012 <i>RMB'000</i>
<b>Non-current assets</b>			
Fixed assets			
– Investment properties		<b>3,793,000</b>	3,736,000
– Other property, plant and equipment		<b>97,233</b>	94,176
		<u><b>3,890,233</b></u>	<u>3,830,176</u>
Deferred tax assets		<b>297,174</b>	245,514
		<u><b>4,187,407</b></u>	<u>4,075,690</u>
<b>Current assets</b>			
Inventories		<b>17,685,826</b>	13,273,524
Trade and other receivables	9	<b>1,315,974</b>	1,889,090
Tax recoverable		<b>116,972</b>	59,863
Restricted and pledged deposits		<b>678,226</b>	214,121
Cash and cash equivalents		<b>3,827,434</b>	2,536,868
		<u><b>23,624,432</b></u>	<u>17,973,466</u>
<b>Current liabilities</b>			
Trade and other payables	10	<b>9,728,560</b>	9,961,864
Bank loans		<b>2,178,909</b>	1,831,000
Other loans		<b>575,200</b>	404,096
Tax payable		<b>1,152,072</b>	624,847
		<u><b>13,634,741</b></u>	<u>12,821,807</u>
<b>Net current assets</b>		<u><b>9,989,691</b></u>	<u>5,151,659</u>
<b>Total assets less current liabilities</b>		<u><b>14,177,098</b></u>	<u>9,227,349</u>

**CONSOLIDATED BALANCE SHEET (CONTINUED)***(As at 31 December 2013)*

	<b>2013</b> <i>RMB'000</i>	2012 <i>RMB'000</i>
<b>Non-current liabilities</b>		
Bank loans	5,320,442	4,183,235
Other loans	908,000	200,000
Deferred tax liabilities	598,980	693,353
	<u>6,827,422</u>	<u>5,076,588</u>
<b>NET ASSETS</b>	<u>7,349,676</u>	<u>4,150,761</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	393,115	–
Reserves	6,942,573	4,092,780
<b>Total equity attributable to equity shareholders of the Company</b>	7,335,688	4,092,780
<b>Non-controlling interests</b>	13,988	57,981
<b>TOTAL EQUITY</b>	<u>7,349,676</u>	<u>4,150,761</u>

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*(For the year ended 31 December 2013)*

### **1 GENERAL INFORMATION AND BASIS OF PRESENTATION**

The Company was incorporated in the Cayman Islands on 14 May 2010 as an exempted company with limited liability under the Companies Law (2011 Revision) (as combined and revised) of the Cayman Islands.

Pursuant to a reorganisation (the “Reorganisation”) of the Group which was completed on 1 April 2013 to rationalise the group structure in preparation for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the Company’s prospectus dated 10 December 2013 (the “Prospectus”). The Company’s shares were listed on the Stock Exchange on 20 December 2013 (the “Listing Date”).

The principle activity of the Company is investment holding and its subsidiaries are principally engaged in property development, property investment and construction in the People’s Republic of China (the “PRC”).

The Group is regarded as a continuing entity resulting from the Reorganisation under common control and has been accounted for on the basis of merger accounting. The consolidated financial statements of the Group have been prepared as if the current group structure had been in existence throughout both years presented, or since the respective dates of incorporation or establishment of the group companies, rather than from the date when the Company became the holding company of the Group pursuant to the Reorganisation.

### **2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, which collective term includes all applicable individual HKFRSs (“HKFRSs”), Hong Kong Accounting Standards (“HKAS”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The accounting policies used in the preparation of the financial statements are consistent with those used in the Prospectus.

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs. Of these, the following developments are relevant to the Group’s financial statements.

- Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income
- HKAS 10, Consolidated financial statements
- HKAS 12, Disclosure of interests in other entities
- HKAS 13, Fair value measurement

The Group has adopted the above HKFRSs in prior years.

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following new standard and amendments, which are not yet effective during this accounting period, have not been adopted by the Group.

- Amendments to HKAS 32, Offsetting financial assets and financial liabilities
- HKFRS 9, Financial instruments

## 3 SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business lines (product and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Property development: this segment develops and sells residential properties and retail shops.
- Property leasing: this segment leases office units and retail shops to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the PRC.
- Construction contracts: this segment constructs office premises and residential buildings for external customers and for group companies. Currently the Group's activities in this regard are carried out in the PRC.

The Group's senior executive management regularly reviews the results attributable to each reportable segment.

### (a) Segment results

*For the year ended 31 December 2013*

	<b>Property development</b> <i>RMB'000</i>	<b>Property leasing</b> <i>RMB'000</i>	<b>Construction contracts</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
Revenue from external customers	10,384,799	60,159	674,466	11,119,424
Inter-segment revenue	–	–	3,314,337	3,314,337
<b>Reportable segment revenue</b>	<b>10,384,799</b>	<b>60,159</b>	<b>3,988,803</b>	<b>14,433,761</b>
<b>Reportable segment profit</b>	<b>3,432,245</b>	<b>59,608</b>	<b>61,703</b>	<b>3,553,556</b>
Bank interest income	6,687	–	2,421	9,108
Finance costs	(33,249)	–	(38,472)	(71,721)
Depreciation	(8,009)	–	(18)	(8,027)
Net increase in fair value of investment properties	–	15,185	–	15,185

### 3 SEGMENT INFORMATION (CONTINUED)

#### (a) Segment results (Continued)

*For the year ended 31 December 2012*

	Property development <i>RMB'000</i>	Property leasing <i>RMB'000</i>	Construction contracts <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers	6,296,738	55,384	235,538	6,587,660
Inter-segment revenue	–	–	2,331,432	2,331,432
<b>Reportable segment revenue</b>	<b>6,296,738</b>	<b>55,384</b>	<b>2,566,970</b>	<b>8,919,092</b>
<b>Reportable segment profit</b>	<b>2,114,429</b>	<b>54,165</b>	<b>10,874</b>	<b>2,179,468</b>
Bank interest income	5,503	–	1,481	6,984
Finance costs	(67,318)	–	(59,513)	(126,831)
Depreciation	(10,432)	–	(27)	(10,459)
Net increase in fair value of investment properties	–	836,652	–	836,652

#### (b) Reconciliation of reportable segment revenue and profit or loss

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
<b>Revenue</b>		
Reportable segment revenue	<b>14,433,761</b>	8,919,092
Elimination of inter-segment revenue	<b>(3,314,337)</b>	(2,331,432)
Consolidated turnover	<b>11,119,424</b>	6,587,660
<b>Profit</b>		
Reportable segment profit derived from the Group's external customers	<b>3,553,556</b>	2,179,468
Other revenue and other net (loss)/income	<b>9,711</b>	34,297
Depreciation	<b>(16,039)</b>	(15,138)
Finance costs	<b>(103,140)</b>	(170,218)
Net increase in fair value of investment properties	<b>15,185</b>	836,652
Unallocated head office and corporate expenses	<b>(150,608)</b>	(89,774)
Consolidated profit before taxation	<b>3,308,665</b>	2,775,287

#### (c) Geographic information

No geographic information has been presented as the Group's operating activities are largely carried out in the PRC.

#### (d) Major Customers

There is no transaction between the Group and an individual customer in which the revenue accounts for 10% or more of the Group's turnover.

#### 4 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

##### (a) Other revenue

	2013 RMB'000	2012 RMB'000
Bank interest income	11,608	7,557
Design fee income	4,300	9,092
Government subsidies	1,045	2,182
Forfeited deposits	6,136	7,870
Construction management service income	1,739	2,861
Others	2,837	4,213
Total	<u>27,665</u>	<u>33,775</u>

##### (b) Other net (loss)/income

	2013 RMB'000	2012 RMB'000
Net (loss)/gain on disposal of fixed assets	(16,561)	891
Others	(1,393)	(369)
Total	<u>(17,954)</u>	<u>522</u>

#### 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2013 RMB'000	2012 RMB'000
(a) Finance costs		
Interest on bank and other loans wholly repayable within five years	503,678	394,284
Interest on bank and other loans wholly repayable after five years	45,046	99,747
Other borrowing costs	107,838	22,595
	<u>656,562</u>	<u>516,626</u>
Less: Amount capitalised ( <i>note</i> )	(553,422)	(346,408)
Total	<u>103,140</u>	<u>170,218</u>

*Note:* The borrowing costs have been capitalised at rates ranging from 6.2% to 11.3% (2012: 4.9% to 9.3%) per annum for 2013.

## 5 PROFIT BEFORE TAXATION (CONTINUED)

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
<b>(b) Staff costs</b>		
Salaries, wages and other benefits	233,668	167,786
Contributions to defined contribution retirement plans	17,404	10,317
	<u>251,072</u>	<u>178,103</u>
Less: Amount capitalised	(6,106)	(10,272)
Total	<u>244,966</u>	<u>167,831</u>
	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
<b>(c) Other items</b>		
Depreciation	23,117	23,452
Less: Amount capitalised	(7,078)	(8,314)
Total	<u>16,039</u>	<u>15,138</u>
Rentals receivable from investment properties	(60,159)	(55,384)
Less: Direct outgoings	551	1,219
Total	<u>(59,608)</u>	<u>(54,165)</u>
Cost of properties sold	6,422,976	3,825,570
Cost of construction	580,202	200,570
Auditors' remuneration	8,402	3,550
Operating lease charges: minimum lease payments for land and buildings	9,077	9,702

## 6 INCOME TAX

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
<b>Current tax</b>		
Provision for PRC Corporate Income Tax ("CIT") for the year	838,380	454,628
Provision for Land Appreciation Tax ("LAT") for the year	560,015	334,116
Sub-Total	<u>1,398,395</u>	<u>788,744</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(146,033)	169,574
Total	<u>1,252,362</u>	<u>958,318</u>

- (i) Pursuant to the rules and regulations of the BVI and Cayman Islands, the Group is not subject to any income tax in the BVI and Cayman Islands.
- (ii) No provision for Hong Kong Profits Tax was made as the Group's Hong Kong subsidiaries did not earn any income subject to Hong Kong Profits Tax during the year.

## 6 INCOME TAX (CONTINUED)

- (iii) Effective from 1 January 2008, under the PRC CIT Law, the PRC's statutory income tax rate is 25%. The Group's PRC subsidiaries are subject to PRC income tax at 25% unless otherwise specified.
- (iv) LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

## 7 DIVIDEND

	2013 RMB'000	2012 RMB'000
Proposed final dividend – Hong Kong 11 cents (equivalent to approximately RMB9 cents) per share (2012: Nil)	<u>433,879</u>	<u>–</u>

The proposed 2013 final dividend to shareholders of the Company is pending for approval of the Annual General Meeting.

The final dividend proposed after the balance sheet date has not been recognized as a liability at the balance sheet date.

## 8 BASIC EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2013 is based on the profit attributable to equity shareholders of the Company of RMB2,024,156,000 (2012: RMB1,794,068,000) and the weighted average number of 4,274,657,534 shares (2012: 4,250,000,000) in issue for the year ended 31 December 2013.

The weighted average number of shares in issue during the year ended 31 December 2013 is based on (i) the assumption that 4,250,000,000 shares of the Company in issue, comprising 1,000 shares in issue prior to the publication of the Prospectus and 4,249,999,000 shares issued pursuant to the capitalisation issue, as if these shares were issued on 1 January 2013, and (ii) 750,000,000 shares issued under the global initial public offering (the "IPO").

The weighted average number of shares in issue during the year ended 31 December 2012 is based on the assumption that 4,250,000,000 shares of the Company in issue, comprising 1,000 shares in issue prior to the publication of the Prospectus and 4,249,999,000 shares issued pursuant to the capitalisation issue, as if these shares were issued on 1 January 2012.

	2013 '000	2012 '000
<b>Weighted average number of shares</b>		
Issued shares at 1 January	1	1
Effect of capitalisation issue	4,249,999	4,249,999
Effect of issuance of new shares under the IPO	<u>24,658</u>	<u>–</u>
Weighted average number of shares	<u>4,274,658</u>	<u>4,250,000</u>

## 8 BASIC EARNINGS PER SHARE (CONTINUED)

### (b) Diluted earnings per share

There were no diluted potential shares in existences during the years ended 31 December 2013 and 2012, and hence diluted earnings per share is the same as the basic earnings per share.

## 9 TRADE AND OTHER RECEIVABLES

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Trade receivables ( <i>note(i)</i> )	377,959	171,860
Prepayments and other receivables	588,895	468,884
Land deposits	260,000	1,095,576
Amounts due from related companies	73,293	152,770
Amount due from a non-controlling shareholder	15,827	–
	<u>1,315,974</u>	<u>1,889,090</u>
Total	<u>1,315,974</u>	<u>1,889,090</u>

### Note:

- (i) As the balance sheet date, the ageing analysis of trade receivables (net of allowance for doubtful debts), based on the invoice date, is as follows:

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Current or less than 1 month overdue	135,356	162,076
More than 1 month overdue and up to 3 months overdue	116,588	–
More than 3 months overdue and up to 6 months overdue	–	–
More than 6 months overdue and up to 1 year overdue	105,485	–
More than 1 year overdue	20,530	9,784
	<u>377,959</u>	<u>171,860</u>
Total	<u>377,959</u>	<u>171,860</u>

- (ii) Receivables which were neither overdue nor impaired relate to a wide range of customers for whom there was no recent history of default. Receivables which were overdue but not impaired relate to independent customers, for which have a good track record of trading with the Group or sufficient rental deposits are held to cover potential exposure to credit risk. Based on past experience, management considers that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.
- (iii) The Group has a defined credit policy. Regular review and follow-up actions are carried out on overdue amounts of installments receivable from sale of properties and receivable from construction contracts, which enable management to assess their recoverability and to minimise exposure to credit risk. In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

**10 TRADE AND OTHER PAYABLES**

	<b>2013</b>	2012
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables ( <i>note</i> )	<b>2,703,878</b>	1,787,644
Other payables and accrued charges	<b>241,106</b>	355,078
Customer deposits received	<b>267,195</b>	3,918
Rental and other deposits received	<b>8,367</b>	9,864
Receipts in advance	<b>6,346,951</b>	6,360,457
Amounts due to related companies	<b>161,063</b>	1,388,076
Amount due to a non-controlling shareholder	–	56,827
	<hr/>	<hr/>
Total	<b><u>9,728,560</u></b>	<u>9,961,864</u>

**Note:**

At the balance sheet date, the ageing analysis of trade payables, based on the invoice date, is as follows:

	<b>2013</b>	2012
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Due within 1 month or on demand	<b>1,432,175</b>	813,305
Due after 1 month but within 3 months	<b>308,793</b>	154,546
Due after 3 months but within 6 months	<b>303,610</b>	199,980
Due after 6 months but within 1 year	<b>361,870</b>	398,355
Due after 1 year	<b>297,430</b>	221,458
	<hr/>	<hr/>
Total	<b><u>2,703,878</u></b>	<u>1,787,644</u>

## CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present to shareholders the annual results for the financial year ended 31 December 2013 of Logan Property Holdings Company Limited (“Logan” or the “Company”) and its subsidiaries (the “Group”).

### Results

2013 was a meaningful year for Logan. We were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 20 December 2013 with gross proceeds of HK\$1,575.0 million. This marked a new milestone of the Group and further enhanced the competitive strengths of Logan in the PRC property industry.

Sales and profit of the Group reached a record high in 2013, as a result of refined management and control and efficient operation as well as 17 years of solid foundation and robust reform. In 2013, the Group recorded contracted sales of RMB13,208.1 million and contracted sales area of 1,642,183 sq.m., representing significant increases of approximately 35.6% and 42.7% as compared with the previous year, respectively. Turnover of RMB11,119.4 million was recognized, representing an increase of approximately 68.8% as compared with the corresponding period of 2012. Profit for the year for 2013 was RMB2,056.3 million, representing increase of approximately 13.2% as compared with 2012. Core Profit<sup>(1)</sup> was RMB2,044.9 million, representing a significant increase of approximately 73.6% as compared with 2012.

Core profit margin of the Group for 2013 was approximately 18.4%, representing an increase of 0.5 percentage point as compared with 2012. With its integrated development model and effective cost control measures, the Group maintained persistently stable gross profit margin and relatively higher core profit margin.

### Dividend

The Board recommends the payment of a final dividend of Hong Kong 11 cents per share for the year ended 31 December 2013. The total amount of final dividend for the year ended 31 December 2013 was HK\$550,000,000 (equivalent to approximately RMB433.9 million<sup>(2)</sup>), and the pay-out ratio accounted for approximately 21.6% of the Core Profit excluding non-controlling interests.

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<sup>(1)</sup> Core Profit = Profit for the year – changes in fair value of investment property + relevant deferred tax

<sup>(2)</sup> The exchange rate of RMB to HKD refers to the middle price of China Foreign Exchange Trading System as at 27 February 2014.

## **Review of 2013**

### **Market review and sales performance**

In 2013, stability remained the main target of the Chinese government's policies on property market. The Five Property Cooling Measures implemented at the beginning of 2013 and the emphasis of the Third Plenary Session on the decisive role of the market in resources allocation ensured the establishment of an effective operation mechanism of the property market. As the property market generally remained buoyant, both supply and demand in major cities were strong as reflected in the [100-City Data of China Index Academy (中指院百城數據)]. However, as property prices in different cities grew at different paces, the regulatory policies have been customized by local governments to properly manage the markets in their regions in the first three quarters.

Under the current regulation of the Chinese property market, the products of the Group continued to be primarily targeted at first-time homebuyers and upgraders, which was in line with the government policies and the inelastic demand driven by the booming market. During the year, the Group adopted an operating model of high turnover and lucrative profit under enhanced management. The Group ensured the growth in both revenue and profit through enhanced portfolio and management of the entire product development cycle.

The Group recorded satisfactory results by focusing on principal business regions and inelastic demand. In 2013, its annual sales was ranked first in its bases such as Huizhou and Shantou and was ranked top in Nanning. The contracted sales of the Group in 2013 comprised 45 projects in 10 cities. During the year, the Group launched the pre-sales of 15 new projects, most of which were located in Huizhou, Foshan and Nanning, including Huizhou Logan City, Foshan Grand Riverside Bay and Nanning Provence. A total of 30 projects were launched.

### **Properties delivered and projects commenced**

In 2013, the total development area of the Group marked a record high. The gross floor area ("GFA") of completed properties delivered during the year was 1,239,837 sq.m., representing an increase of approximately 47.8% as compared with that of the previous year. The Group completed the delivery of 5 projects. The GFA of projects commenced in 2013 amounted to 2,719,382 sq.m..

### **Land acquisition**

Adhering to its regional focus and prudent investment strategies, Logan secured target projects in line with its strategic orientation and investment decision-making requirements. Supervision and implementation were centralized under the head office to ensure consistency and efficiency in the pursuit of its target projects. In 2013, we acquired nine projects spanning across Foshan, Dongguan, Huizhou, Shantou, Zhongshan and Nanning with a total planned GFA of 2,003,072 sq.m. The total consideration of the contracts amounted to RMB3,824 million. Based on the land premium set out in the contracts, the average land cost was approximately RMB1,909 per sq.m. for the land acquired in 2013.

As at 31 December 2013, the total gross floor area of the land reserve of Logan amounted to 11 million sq.m. and the average land cost was RMB1,045 per sq.m. These land parcels are characterized by their distinctive features and low land cost, which effectively drive the steady growth of Logan.

Logan focused on land projects for first-time homebuyers and upgraders when making investments. It paid attention to all tenders, auctions and listing and acquisition opportunities of the land parcels in its bases and target cities. The two main types of projects acquired were short-term projects in city centers with developed or active economic activities and rapid turnover, and mid- to long-term projects in city suburbs with higher premiums. With the balanced development of the above two project types, the Group was able to achieve the target of high turnover and lucrative profit.

### **Controls on costs and expenses**

In 2013, Logan was able to maintain controls on costs and expenses. The Group had a sophisticated system in place for target cost and whole-process cost control which is capable of correcting any deviation from the target construction costs in a timely manner. The Group further reduced costs through integrated development model, product standardization and strategic and centralized procurement.

In addition, the Group implemented effective monitoring and control on selling and marketing expenses, administrative expenses and finance costs in order to boost efficiency and minimize waste. During the year, the proportion of selling and marketing expenses, administrative expenses and finance costs to contracted sales decreased from 6.7% in 2012 to 6.3% in 2013.

### **Financial management**

In 2013, Logan recorded substantial cash inflow through share capital increase from the global initial public offering and strong property sales. As at 31 December 2013, the Group had cash and bank balances (including restricted and pledged deposits) of RMB4,510 million and its net debt to equity ratio (i.e. the ratio of all borrowings net of cash and cash equivalents and restricted and pledged deposits to equity) was significantly reduced to 60.9%. We consider that the current net debt to equity ratio is within a reasonable range and in line with our operation. Moreover, 76.6% of our loans were development loans from banks and our average borrowing cost was only 8.4% per annum in 2013. Simple capital structure and low financing cost are our major advantages.

### **Organization and human resources development**

Logan has made continuous improvement in respect of organizational planning, talent recruitment and training and corporate culture. In 2013, we further optimized the organizational structure and extended authorization to the frontline staff in order to meet the streamlined and efficient operation requirements. We recruited a total of 115 middle and senior management personnel during the year. Talent teams and reserve which meet the corporate development needs were created through the appointment of internal elite as general manager and the launch of talent scheme and comprehensive training for graduate trainees. Besides, Logan has been promoting the corporate value of practical and innovative operation with positive attitude and high efficiency to stimulate the motivation of the employees.

## **Brand building and customer satisfaction**

Capitalizing on its strengths and excellent development potential, Logan was honored as one of the “[Top 100 Enterprises in the PRC Property Industry] (中國房地產百強企業)” for three consecutive years from 2011 to 2013 and the “[Top 20 Creditworthy Real Estate Enterprises in Guangdong] (廣東地產資信20強)” for 11 consecutive years. It also received the title of the “[Real Estate Enterprise with the Highest Development Potential of the Year] (年度最具發展潛力地產企業)” in the [Election of the PRC Valued Property in 2013] (2013中國價值地產總評榜活動) held by National Business Daily.

Adhering to the concept of building a better life, Logan has placed emphasis on brand quality and won recognitions from the customers and the market with its quality products and services. Logan has established a responsive customer relation management system and a professional team to review and improve customer satisfaction in a timely manner.

## **Social responsibility**

The Group is committed to its social responsibility as a corporate citizen. It contributed to the creation of a harmonious society by participating in charitable activities such as establishing scholarships, launching poverty alleviation campaigns, making donations for construction of charity facilities and public sports facilities and maintaining large-scale public greening work.

## **Prospects**

Beneficial from the driving forces of economic development, higher consumption, new urbanization and development of rail transportation, we believe the inelastic demand market in the PRC property market will have potential of expansion. In 2014, the overall economy and liquidity of China will gather a steady growth momentum while its property cooling policies will only be subject to limited localized adjustments. With the steady launch of the land, fiscal and tax system reforms and the housing supply structure, a market-oriented property austerity mechanism will be formed to ensure the sustainable development of the property industry in the mid-to-long run.

As such, we will persist in our development strategies of “focusing on principal business regions and inelastic demand” and enlarge our market shares in all cities in this year. In respect of product positioning, we will focus on products catering for inelastic demands and demand from upgraders. The development strategy of high turnover will be further implemented to enhance our advantages and core competitiveness. In the coming year, in addition to expanding investment in projects for inelastic demands in regions with developed economy, we will identify potential high-end office building projects in tier-one cities and core business districts in cities with high economic growth and grasp opportunities in the development of relevant projects such as new urbanization, and tourism and retirement real estate markets based on market demands and liquidity of the Company.

## **Acknowledgment**

On behalf of the Board, I hereby express my heartfelt gratitude and best wishes to all the shareholders for your support, our staff for their hard work, and our partners, customers and the community for their care and support in the previous year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Performance Highlights

	2013	2012	Changes %
<b>Contracted sales</b>			
Contracted sales ( <i>RMB'000</i> )	<b>13,208,138</b>	9,737,140	35.6%
Contracted saleable GFA ( <i>sq.m.</i> )	<b>1,642,183</b>	1,150,798	42.7%
Contracted average selling price (“ASP”) ( <i>RMB/sq.m.</i> )	<b>7,452</b>	8,272	-9.9%
<b>Turnover (<i>RMB'000</i>)</b>	<b>11,119,424</b>	6,587,660	68.8%
Among which: sales of properties			
– Turnover from properties delivered ( <i>RMB'000</i> )	<b>10,384,799</b>	6,296,738	64.9%
– GFA <sup>1</sup> of properties delivered ( <i>sq.m.</i> )	<b>1,239,837</b>	838,919	47.8%
– ASP of properties delivered ( <i>RMB</i> )	<b>8,129</b>	7,280	11.7%
Rental income ( <i>RMB'000</i> )	<b>60,159</b>	55,384	8.6%
Construction income ( <i>RMB'000</i> )	<b>674,466</b>	235,538	186.4%
<b>Gross profit (<i>RMB'000</i>)</b>	<b>4,115,695</b>	2,560,301	60.8%
<b>Profit for the year</b>			
– Attributable to the shareholders ( <i>RMB'000</i> )	<b>2,024,156</b>	1,794,068	12.8%
– Attributable to non-controlling interests ( <i>RMB'000</i> )	<b>32,147</b>	22,901	40.4%
<b>Core Profit (<i>RMB'000</i>)</b>	<b>2,044,914</b>	1,178,136	73.6%
– Attributable to the shareholders ( <i>RMB'000</i> )	<b>2,012,767</b>	1,155,235	74.2%
– Attributable to non-controlling interests ( <i>RMB'000</i> )	<b>32,147</b>	22,901	40.4%
<b>Total assets (<i>RMB'000</i>)</b>	<b>27,811,839</b>	22,049,156	26.1%
<b>Cash and bank balances (including cash and cash equivalents and restricted and pledged deposits) (<i>RMB'000</i>)</b>	<b>4,505,660</b>	2,750,989	63.8%
<b>Total bank and other borrowings (<i>RMB'000</i>)</b>	<b>8,982,551</b>	6,618,331	35.7%
<b>Total equity (<i>RMB'000</i>)</b>	<b>7,349,676</b>	4,150,761	77.1%
<b>Total equity attributable to shareholders (<i>RMB'000</i>)</b>	<b>7,335,688</b>	4,092,780	79.2%

Note 1: Excluding car parking spaces

2013

2012

**Key financial ratios**

Gross profit margin <sup>(1)</sup>	<b>37.0%</b>	38.9%
Core profit margin <sup>(2)</sup>	<b>18.4%</b>	17.9%
Net debt to equity ratio <sup>(3)</sup>	<b>60.9%</b>	93.2%
Gearing ratio <sup>(4)</sup>	<b>73.6%</b>	81.2%
Average borrowing cost <sup>(5)</sup>	<b>8.4%</b>	8.2%

*Notes:*

- (1) Gross profit margin: Gross profit ÷ turnover \* 100%
- (2) Core profit margin: Core profit ÷ turnover \* 100%
- (3) Net debt to equity ratio: (Total bank and other borrowings – cash and cash equivalents – restricted and pledged deposits) ÷ total equity \* 100%
- (4) Gearing ratio: Total liabilities ÷ total assets \* 100%
- (5) Average borrowing cost: Annual borrowing cost ÷ average annual loan balance \* 100%

**Property Development*****Contracted sales***

In 2013, the Group recorded contracted sales of RMB13,208.1 million, representing an increase of approximately 35.6% as compared with RMB9,737.2 million in 2012. The increase was mainly due to the significant increase in contracted saleable GFA (excluding car parking spaces) by approximately 42.7% to 1,642,183 sq.m. in 2013 from 1,150,798 sq.m. in 2012. The contracted ASP decreased by approximately 9.9% to RMB7,452 per sq.m. from RMB8,272 per sq.m. in 2012. The decrease was mainly due to changes in product portfolio for sale and greater proportion of inelastic demand products. Guangdong, Guangxi and other regions accounted for approximately 75%, 21% and 4% of the contracted sales and approximately 73%, 23% and 4% of contracted saleable GFA, respectively.

Region	Contracted sales in 2013				ASP <sup>1</sup> (RMB)
	Amount (RMB million)	Percentage	GFA Sold (sq.m.)	Percentage	
Shantou	3,408.3	25.8%	231,729	14.1%	11,677
Shenzhen <sup>2</sup>	3,679.6	27.8%	661,525	40.3%	5,557
Guangdong and Foshan	1,859.4	14.1%	173,361	10.6%	10,062
Zhuhai	960.8	7.3%	140,293	8.5%	6,648
Subtotal of Guangdong	9,908.1	75.0%	1,206,908	73.5%	7,506
Nanning	2,775.1	21.0%	376,513	22.9%	7,049
Subtotal of Guangxi	2,775.1	21.0%	376,513	22.9%	7,049
Other regions	524.9	4.0%	58,762	3.6%	8,932
Total	13,208.1	100.0%	1,642,183	100.0%	7,452

<sup>1</sup> Excluded car parking spaces

<sup>2</sup> Included Dongguan and Huizhou

### ***Recognized income from sales of properties***

In 2013, the recognized income from sales of properties amounted to RMB10,384.8 million, representing a significant increase of approximately 64.9% as compared with RMB6,296.7 million in 2012. GFA with recognized income (excluding car parking spaces) increased by approximately 48% to 1,239,837 sq.m. in 2013 from 838,919 sq.m. in 2012. Both Guangdong and Guangxi contributed to the recognized income from sales of properties in 2013, accounting for approximately 76% and 24% respectively.

#### **Recognized income from sales of properties in 2013**

<b>Region</b>	<b>Amount (RMB million)</b>	<b>Percentage</b>	<b>Area delivered (sq.m.)</b>	<b>Percentage</b>	<b>ASP<sup>1</sup> (RMB)</b>
Shantou	4,681.3	45.1%	432,279.1	34.9%	10,634
Shenzhen <sup>2</sup>	1,548.2	14.9%	235,416.7	19.0%	6,564
Guangzhou and Foshan	1,570.2	15.1%	165,287.7	13.3%	8,879
Zhuhai	105.3	1.0%	5,234.8	0.4%	15,275
Subtotal of Guangdong	7,905.0	76.1%	838,218.3	67.6%	9,174
Nanning	2,479.8	23.9%	401,618.3	32.4%	5,949
Subtotal of Guangxi	2,479.8	23.9%	401,618.3	32.4%	5,949
Total	10,384.8	100.0%	1,239,836.6	100.0%	8,129

<sup>1</sup> Excluded car parking spaces

<sup>2</sup> Included Dongguan and Huizhou

### ***Newly launched projects***

As at 31 December 2013, the Group commenced construction of a total of 21 projects or project phases, with a total planned GFA of 2,719,382 sq.m.

### ***Completed projects***

As at 31 December 2013, the Group completed five projects with a total GFA of 1,444,708 sq.m.

### ***Developing projects***

In 2013, the Group had 29 projects or project phases under construction, with a total planned GFA of approximately 4,870,149 sq.m.

### *Land reserves*

In 2013, there were nine newly acquired projects in total, with a total GFA of 2,003,072 sq.m. The average cost of land acquired in 2013 was approximately RMB1,909 per sq.m. According to the internal records, estimates and project designs of the Company, as at 31 December 2013, approximately 80% of residential units targeted the market of first-time homebuyers and first-time upgraders with inelastic demand.

### **List of Projects Newly Acquired in 2013**

No.	City	Project name	Equity	Site area (sq.m.)	Total GFA (sq.m.)	Land cost (RMB million)	Average land premium (RMB per sq.m.)
1	Foshan	Joy Palace (君悦龍庭)	100%	71,827	292,886	596	2,037
2	Dongguan	Royal Castle (君御華府)	100%	29,643	69,201	162	2,341
3	Huizhou	Logan City (龍光城)	100%	22,611	93,061	30	328
4	Shantou	Logan Flying Dragon Landscape (龍騰嘉園)	100%	133,891	669,700	976	1,457
5	Zhongshan	Ocean Vista Residence (海悦華庭)	100%	62,233	163,378	376	2,301
6	Foshan	Shanjie Building (尚街大廈)	100%	13,519	73,626	170	2,308
7	Foshan	Tianhuhuaifu (天湖華府)	100%	19,617	88,661	601	6,778
8	Zhongshan	Shuiyuexinyuan (水悦馨園)	100%	58,907	174,212	225	1,293
9	Nanning	Tianyuehuafu (天悦華府)	100%	71,451	378,345	685	1,812
Total				483,699	2,003,072	3,824	1,909

As at 31 December 2013, the total GFA of the land reserve of the Group amounted to approximately 10,995,910 sq.m., mainly including projects under development with a total GFA of approximately 4,870,149 sq.m. and projects pending development with a total GFA of approximately 4,483,090 sq.m. As at 31 December 2013, the cost of land reserve of the Group was RMB1,045 per sq.m.. 69% of our land reserve located in Pearl River Delta, Guangdong, the most prosperous area in the PRC. The quality land reserve with low costs has provided effective support to the profitability of the Group in the future.

## **Property Investments**

### ***Rental income***

The rental income of the Group for 2013 amounted to RMB60.2 million, representing an increase of 8.6% as compared with the previous year, which was due to the increase of 8.0% in rental per year as agreed with major tenants in the contracts.

### ***Investment properties***

As at 31 December 2013, the Group had 10 investment properties with a total GFA of 116,181 sq.m. Under the investment property portfolio of the Group, 8 investment properties with a total GFA of 72,624 sq.m. were completed and the rest were under development.

## ***Financial Review***

### ***(I) Turnover***

Turnover of the Group for 2013 increased by approximately RMB4,531.8 million, or 68.8%, as compared with 2012, primarily due to the substantial increase in turnover from the sales of properties and turnover from the construction business as compared with 2012. Turnover from the sales of properties and turnover from the construction business for 2013 amounted to approximately RMB10,384.8 million and RMB674.5 million respectively (2012: approximately RMB6,296.7 million and RMB235.5 million respectively).

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

Project name	2013		2012	
	Area (sq.m.)	Amount (RMB'000)	Area (sq.m.)	Amount (RMB'000)
Shantou Seaward Sunshine (汕頭 尚海陽光)	410,454	4,389,447	–	–
Shantou Sunshine Castle (汕頭 陽光華府)	19,824	195,425	–	–
Shantou Flying Dragon Garden (汕頭 龍騰熙園)	2,001*	96,443	165,198*	755,297
Huizhou Logan City (惠州 龍光城)	118,275	644,853	138,916	754,447
Huizhou Sky Palace (惠州 天悅龍庭)	68,998	250,193	–	–
Guangzhou Palm Waterfront (廣州 棕櫚水岸)	107,841*	1,079,402	57,726	529,253
Guangzhou Fragrant Valley (廣州 香悅山)	5,317	74,085	20,702	276,081
Shunde Grand View (順德 水悅雲天)	52,130*	416,757	157,264*	1,089,911
Zhuhai Easy Life (珠海 海悅雲天)	3,823*	86,124	62,798*	815,471
Zhongshan Grasse Vieille Ville (中山 海悅城邦)	1,411*	19,091	20,128*	117,591
Dongguan Imperial Summit Sky Villa (東莞 君御旗峰)	47,637	636,992	–	–
Shenzhen Sky Palace (深圳 天悅龍庭)	276*	8,034	–*	954
Shenzhen Logan Century Center (深圳 世紀大廈)	–	–	9,126*	718,738
Shenzhen Grand Joy Palace (深圳 君悅龍庭)	232*	8,132	1,059*	21,765
Nanning Provence (南寧 普羅旺斯)	227,967*	1,396,663	137,352*	818,399
Nanning Grand Riverside Bay (南寧 水悅龍灣)	173,651*	1,083,158	68,650	398,831
<b>Total</b>	<b>1,239,837</b>	<b>10,384,799</b>	<b>838,919</b>	<b>6,296,738</b>

\* Figures in the table exclude the GFA attributable to the car parking spaces.

(II) *Direct costs*

The direct costs of the Group for 2013 increased by approximately RMB2,976.4 million, or 73.9%, as compared with 2012, primarily due to the increase in direct costs from sales of properties resulting from the increase in areas of properties delivered and the expansion of business scale as compared with 2012. Key components of costs are as follows:

	<b>2013</b>	2012	Changes
	<b>RMB'000</b>	RMB'000	%
<b>Costs</b>	<b>7,003,729</b>	4,027,359	73.9%
– Property development costs	<b>6,422,976</b>	3,825,570	67.9%
– Costs of construction business and cost of rental business	<b>580,753</b>	201,789	187.8%

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

The selling and marketing expenses of the Group for 2013 amounted to approximately RMB304.1 million (2012: approximately RMB205.7 million). As the turnover from the sales of properties of the Group increased significantly by 64.9% as compared with 2012, the relevant selling and marketing expenses also increased by approximately 47.9% as compared with 2012.

The administrative expenses of the Group for the year amounted to approximately RMB424.7 million (2012: approximately RMB280.1 million), representing an increase of approximately 51.6% as compared with 2012. The increase was primarily due to the increase in expenses such as staff costs and office expenditures resulting from the expansion of business of the Group.

(IV) *Profit from operations*

The profit from operations of the Group for 2013 amounted to approximately RMB3,411.8 million (2012: approximately RMB2,945.5 million). As the turnover of the Group increased significantly by approximately RMB4,531.8 million as compared with 2012, the relevant direct costs, selling and marketing expenses and administrative expenses increased by approximately RMB3,219.4 million as compared with 2012 whereas the fair value gain of investment properties of the Group for the year decreased by approximately RMB821.5 million as compared with 2012. As a result, the profit from operations of the Group increased by approximately RMB466.3 million as compared with 2012.

*(V) Finance costs*

The finance costs of the Group for 2013 decreased to approximately RMB103.1 million (2012: approximately RMB170.2 million), primarily because more finance costs on loans of the Group were capitalised in relevant properties development costs during the year. The percentage of finance cost to the turnover has dropped from 2.6% in 2012 to 0.9% in 2013.

*(VI) Income tax expenses*

Taxes of the Group for 2013 included CIT and LAT. Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB692.3 million and RMB560.0 million respectively (2012: approximately RMB624.2 million and RMB334.1 million respectively).

*(VII) Core Profit margins*

The Core Profit of the Group for 2013 amounted to RMB2,044.9 million, representing an increase of approximately RMB866.8 million as compared with 2012, primarily due to the substantial increase in profit from operations as compared with 2012. The Core Profit margin of the Group for 2013 was approximately 18.4% (2012: approximately 17.9%), increased by approximately 0.5 percentage point as compared with 2012.

*(VIII) Liquidity and financial resources*

As at 31 December 2013, total assets of the Group amounted to RMB27,811.8 million (2012: approximately RMB22,049.2 million), of which current assets amounted to RMB23,624.4 million (2012: approximately RMB17,973.5 million). Total liabilities amounted to RMB20,462.2 million (2012: approximately RMB17,898.4 million), of which non-current liabilities amounted to RMB6,827.4 million (2012: approximately RMB5,076.6 million). Total equity amounted to RMB7,349.7 million (2012: approximately RMB4,150.8 million). Equity attributable to shareholders amounted to RMB7,335.7 million (2012: approximately RMB4,092.8 million).

As at 31 December 2013, the Group had cash and bank balances (including cash and cash equivalents and restricted and pledged deposits) of approximately RMB4,505.7 million (2012: approximately RMB2,751.0 million) and total borrowings of approximately RMB8,982.6 million (2012: approximately RMB6,618.3 million). As at 31 December 2013, total net borrowings of the Group amounted to RMB4,476.9 million (2012: approximately RMB3,867.3 million). The net debt-to-equity ratio of the Group decreased from approximately 93.2% in 2012 to approximately 60.9% in 2013.

*(IX) Financing activities*

The Group obtained net proceeds (net of listing expenses) of approximately RMB1,218.1 million from the public offering of shares in 2013. The net debt-to-equity ratio of the Group decreased from approximately 93.2% in 2012 to approximately 60.9% in 2013. In addition, the cash ratio (the ratio of cash and bank balances (including restricted and pledged deposits) to short-term borrowings) of the Group increased from approximately 123.1% in 2012 to approximately 163.6% in 2013.

*(X) Pledge of assets*

As at 31 December 2013, the Group had pledged investment properties, other properties, inventories and pledged deposits of approximately RMB11,051.2 million to secure its borrowings.

*(XI) Commitments*

As at 31 December 2013, the Group had made investment commitments of approximately RMB22,383.1 million (2012: approximately RMB18,349.1 million) for costs of future construction and property development.

*(XII) Contingent liabilities*

As at 31 December 2013, the Group provided guarantees of approximately RMB3,372.7 million (2012: RMB1,564.5 million) to banks in respect of the mortgage loans granted to purchasers of the properties of the Group. Pursuant to the terms of the guarantees, where a purchaser is in default on any mortgage payments to the banks prior to the issue of the building ownership certificate, the relevant banks are entitled to withdraw such amount equivalent to the payments in default from the deposit of the Group and may require the Group to settle any outstanding amount not covered by the deposit.

If the above risk materializes, the Group is entitled to withdraw the ownership of the properties concerned. The management of the Group considered that the risk of loss borne by the Group for the guarantees is insignificant as the market value of the mortgaged properties will not fall below the payments to be settled by the Group due to default.

**PAYMENT OF FINAL DIVIDEND**

The Board proposed the payment of a final dividend of Hong Kong \$11 cents per share for the year ended 31 December 2013 to shareholders whose names appear on the Register of Members of the Company on Friday, 23 May 2014, which will be paid in about June 2014 after the receipt of approval by shareholders of the Company at annual general meeting (“AGM”) of the Company.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from the date of the listing of the Company on 20 December 2013 to 31 December 2013 (the "Reporting Period").

## **ANNUAL GENERAL MEETING**

The AGM will be held on 15 May 2014 and the Notice of AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed for the following periods:

- (a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on 15 May 2014, the register of members of the Company will be closed on Tuesday, 13 May 2014 to Thursday, 15 May 2014, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (to be moved to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong which effect from 31 March 2014) not later than 4:30 p.m. on Monday, 12 May 2014.
- (b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed on Wednesday, 21 May 2014 to Friday, 23 May 2014, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (to be moved to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong which effect from 31 March 2014) not later than 4:30 p.m. on Tuesday, 20 May 2014.

## **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry, the Company confirmed that all the Directors have complied with the required standards set out in the Model Code.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

Throughout the Reporting Period, the Company has complied with most of the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, save and except for code provisions A.1.1 which states that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals and A.2.1 which states that roles of chairman and chief executive Officer should be separate and should not be performed by the same individual.

Code provisions A.1.1 stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. As the Company's shares were only listed on the main board of the Stock Exchange on 20 December 2013, no meeting was held by the Board during the Reporting Period.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The chairman and chief executive officer of the Company are held by Mr. Ji Haipeng who is the founder of the Company and has extensive experience in the industry. The Board believes that Mr. Ji Haipeng can provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board also considers that the current structure of vesting the roles of chairman and chief executive officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board shall review this structure from time to time to ensure appropriate and timely action to meet changing circumstances.

## **AUDIT COMMITTEE**

The Board has established an audit committee with written terms of reference in compliance with the Corporate Governance Code. As at the date of this announcement, the audit committee comprises three independent non-executive directors of the Company, namely Ms. Liu Ka Ying, Rebecca, Mr. Zhang Huaqiao and Mr. Cai Suisheng.

The Audit Committee has reviewed and discussed the annual results for year ended 31 December 2013.

## **SCOPE OF WORK OF KPMG**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Company at <http://www.loganestate.com> and Hong Kong Exchanges and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk). The 2013 annual report containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and published on the above websites in due course.

By order of the Board  
**Logan Property Holdings Company Limited**  
**Ji Haipeng**  
*Chairman*

Hong Kong, 28 February 2014

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