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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 2015**

#### **2015 RESULTS HIGHLIGHTS**

- Contracted sales increased by approximately 53.6% to RMB20,510.0 million.
- Revenue increased by approximately 16.6% to RMB14,574.0 million.
- Gross profit amounted to RMB4,430.1 million and gross profit margin was 30.4%.
- Profit for the year was RMB2,687.8 million, representing an increase of approximately 11.0%.
- Profit attributable to the equity shareholders of the Company of RMB2,649.3 million, representing an increase of 12.8% as compared with the corresponding period of previous year.
- Core Profit (profit for the year excluding changes in fair value of investment properties and financial derivatives and its relevant deferred tax) for the year amounted to RMB1,973.6 million. Core Profit margin was 13.5%.
- Basic earnings per share of RMB52.41 cents (approximately HK62.56 cents) representing an increase of 11.6% as compared with the corresponding period of previous year.
- The Board proposed to distribute a final dividend of HK14 cents per share for the year ended 31 December 2015. Total dividend payment accounted for approximately 33.1% of the Core Profit.

## ANNUAL RESULTS

The board of directors (the “Board”) 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 2015 as follows.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2015*

	<i>Note</i>	<b>2015</b> <b>RMB'000</b>	2014 RMB'000
<b>Revenue</b>	3	<b>14,574,010</b>	12,497,937
Direct costs		<u>(10,143,907)</u>	<u>(8,693,572)</u>
<b>Gross profit</b>		<b>4,430,103</b>	3,804,365
Other revenue	4(a)	<b>134,635</b>	85,497
Other net loss	4(b)	<b>(144,029)</b>	(14,148)
Selling and marketing expenses		<b>(573,138)</b>	(413,167)
Administrative expenses		<b>(587,839)</b>	(527,120)
Net increase in fair value of investment properties		<b>943,057</b>	861,854
Net increase in fair value of derivative financial instruments		<u><b>6,936</b></u>	<u>13,995</u>
<b>Profit from operations</b>		<b>4,209,725</b>	3,811,276
Finance costs	5(a)	<u><b>(36,215)</b></u>	<u>(93,601)</u>
<b>Profit before taxation</b>	5	<b>4,173,510</b>	3,717,675
Income tax	6	<u><b>(1,485,692)</b></u>	<u>(1,297,169)</u>
<b>Profit for the year</b>		<u><b>2,687,818</b></u>	<u>2,420,506</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>2,649,279</b>	2,347,630
Non-controlling interests		<u><b>38,539</b></u>	<u>72,876</u>
<b>Profit for the year</b>		<u><b>2,687,818</b></u>	<u>2,420,506</u>
<b>Earnings per share (RMB cents):</b>			
<b>– Basic</b>	8(a)	<u><b>52.41</b></u>	<u>46.95</u>
<b>– Diluted</b>	8(b)	<u><b>52.32</b></u>	<u>46.95</u>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Profit for the year</b>	<u>2,687,818</u>	<u>2,420,506</u>
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
– Exchange differences on translation of financial statements of overseas entities	<u>(94,268)</u>	<u>6,465</u>
<b>Total comprehensive income for the year</b>	<u>2,593,550</u>	<u>2,426,971</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	2,555,011	2,354,095
Non-controlling interests	<u>38,539</u>	<u>72,876</u>
<b>Total comprehensive income for the year</b>	<u>2,593,550</u>	<u>2,426,971</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Note</i>	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Non-current assets</b>			
Investment properties	9	<b>6,117,500</b>	4,684,500
Other property, plant and equipment		<b>165,622</b>	122,041
		<b>6,283,122</b>	4,806,541
Deferred tax assets		<b>385,210</b>	366,488
Assets under cross-border guarantee arrangements	12	–	436,600
Restricted and pledged deposits		<b>343,065</b>	–
		<b>7,011,397</b>	5,609,629
<b>Current assets</b>			
Inventories		<b>28,198,344</b>	27,875,440
Trade and other receivables and prepayments	10	<b>10,025,722</b>	2,502,385
Tax recoverable		<b>402,045</b>	166,836
Assets under cross-border guarantee arrangements	12	<b>286,600</b>	1,167,000
Restricted and pledged deposits		<b>2,212,300</b>	1,938,106
Cash and cash equivalents		<b>8,635,258</b>	5,576,357
		<b>49,760,269</b>	39,226,124
<b>Current liabilities</b>			
Trade and other payables	11	<b>16,969,129</b>	11,842,586
Liabilities under cross-border guarantee arrangements	12	<b>286,600</b>	1,167,000
Bank and other loans		<b>4,044,885</b>	3,824,474
Tax payable		<b>1,320,647</b>	993,262
		<b>22,621,261</b>	17,827,322
<b>Net current assets</b>		<b>27,139,008</b>	21,398,802
<b>Total assets less current liabilities</b>		<b>34,150,405</b>	27,008,431

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***At 31 December 2015*

	<i>Note</i>	<b>2015</b> <b>RMB'000</b>	2014 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Liabilities under cross-border guarantee arrangements	<i>12</i>	–	436,600
Bank and other loans		<b>7,117,037</b>	9,057,042
Senior notes		<b>3,588,720</b>	3,383,846
Corporate bonds	<i>13</i>	<b>5,000,000</b>	–
Deferred tax liabilities		<b>983,731</b>	813,925
		<u><b>16,689,488</b></u>	<u>13,691,413</u>
<b>NET ASSETS</b>		<u><b>17,460,917</b></u>	<u>13,317,018</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>439,821</b>	393,115
Reserves		<b>13,108,958</b>	10,816,771
<b>Total equity attributable to equity shareholders of the Company</b>		<b>13,548,779</b>	11,209,886
<b>Non-controlling interests</b>		<b>3,912,138</b>	2,107,132
<b>TOTAL EQUITY</b>		<u><b>17,460,917</b></u>	<u>13,317,018</u>

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 December 2015*

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

Logan Property Holdings Company Limited (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 (the “Cayman Companies Law”).

Pursuant to a reorganisation (the “Reorganisation”) of the Company and its subsidiaries (hereinafter collectively referred to as 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 principal 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**

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries. The consolidated results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 December 2015 but are extracted from those financial statements.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) 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 previous years.

The HKICPA has issued a number of amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Of these, the following new standards and amendments are relevant to the Group’s financial statements:

- Annual Improvements to HKFRSs 2010–2012 Cycle
- Annual Improvements to HKFRSs 2011–2013 Cycle

## Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, Related party disclosures has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group’s related party disclosures as the Group does not obtain key management personnel services from management entities.

### 3 REVENUE AND SEGMENT INFORMATION

#### (a) Revenue

Revenue represents income from sale of properties, rental income and construction income earned during the year, and is analysed as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Sale of properties	15,247,388	12,953,104
Rental income	71,748	56,453
Construction income	<u>120,644</u>	<u>236,690</u>
	15,439,780	13,246,247
Less: Business tax and other sales related taxes	<u>(865,770)</u>	<u>(748,310)</u>
	<u><b>14,574,010</b></u>	<u><b>12,497,937</b></u>

#### (b) Segment reporting

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.

(i) *Segment results*

**For the year ended 31 December 2015**

	Property development <i>RMB'000</i>	Property leasing <i>RMB'000</i>	Construction contracts <i>RMB'000</i>	Total <i>RMB'000</i>
Gross revenue from external customers	15,247,388	71,748	120,644	15,439,780
Less: Business tax and other sales related taxes	(857,536)	(3,870)	(4,364)	(865,770)
Net revenue from external customers	14,389,852	67,878	116,280	14,574,010
Inter-segment revenue	–	–	3,432,122	3,432,122
<b>Reportable segment revenue</b>	<b>14,389,852</b>	<b>67,878</b>	<b>3,548,402</b>	<b>18,006,132</b>
<b>Reportable segment profit</b>	<b>3,613,418</b>	<b>62,112</b>	<b>362,563</b>	<b>4,038,093</b>
Bank interest income	19,316	–	18,091	37,407
Finance costs	(9,368)	–	(10,963)	(20,331)
Depreciation	(9,490)	–	(14)	(9,504)
Net increase in fair value of investment properties	–	943,057	–	943,057

**For the year ended 31 December 2014**

	Property development <i>RMB'000</i>	Property leasing <i>RMB'000</i>	Construction contracts <i>RMB'000</i>	Total <i>RMB'000</i>
Gross revenue from external customers	12,953,104	56,453	236,690	13,246,247
Less: Business tax and other sales related taxes	(738,140)	(1,920)	(8,250)	(748,310)
Net revenue from external customers	12,214,964	54,533	228,440	12,497,937
Inter-segment revenue	–	–	3,692,195	3,692,195
<b>Reportable segment revenue</b>	<b>12,214,964</b>	<b>54,533</b>	<b>3,920,635</b>	<b>16,190,132</b>
<b>Reportable segment profit</b>	<b>3,221,777</b>	<b>54,533</b>	<b>483,189</b>	<b>3,759,499</b>
Bank interest income	11,236	–	19,829	31,065
Finance costs	(39,896)	–	(30,054)	(69,950)
Depreciation	(9,233)	–	(14)	(9,247)
Net increase in fair value of investment properties	–	861,854	–	861,854



(ii) *Reconciliation of reportable segment revenue and profit or loss*

	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Revenue</b>		
Reportable segment revenue	<b>18,006,132</b>	16,190,132
Elimination of inter-segment revenue	<b>(3,432,122)</b>	(3,692,195)
	<b><u>14,574,010</u></b>	<u>12,497,937</u>
<b>Profit</b>		
Reportable segment profit	<b>4,038,093</b>	3,759,499
Elimination of inter-segment profit	<b>(381,739)</b>	(497,994)
	<b><u>3,656,354</u></b>	<u>3,261,505</u>
Reportable segment profit derived from Group's external customers	<b>3,656,354</b>	3,261,505
Other revenue and other net loss	<b>(9,394)</b>	71,349
Depreciation	<b>(22,844)</b>	(19,425)
Finance costs	<b>(36,215)</b>	(93,601)
Net increase in fair value of investment properties	<b>943,057</b>	861,854
Net increase in fair value of derivative financial instruments	<b>6,936</b>	13,995
Unallocated head office and corporate expenses	<b>(364,384)</b>	(378,002)
	<b><u>4,173,510</u></b>	<u>3,717,675</u>

(iii) *Geographic information*

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

#### 4 OTHER REVENUE AND OTHER NET LOSS

##### (a) Other revenue

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Bank interest income	93,070	57,258
Design fee income	–	3,158
Government subsidies	18,589	3,728
Forfeited deposits	19,271	7,492
Gain from acquisition	–	5,058
Others	3,705	8,803
	<u>134,635</u>	<u>85,497</u>

##### (b) Other net loss

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Net gain on disposal of property, plant and equipment	175	304
Net foreign exchange loss	(141,756)	(14,352)
Others	(2,448)	(100)
	<u>(144,029)</u>	<u>(14,148)</u>

#### 5 PROFIT BEFORE TAXATION

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

##### (a) Finance costs

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interest on bank and other loans and other borrowing costs	1,132,760	1,107,444
Interest on senior notes	368,715	131,582
Interest on corporate bonds	90,570	–
	<u>1,592,045</u>	1,239,026
Less: Amount capitalised ( <i>note</i> )	<u>(1,555,830)</u>	<u>(1,145,425)</u>
	<u>36,215</u>	<u>93,601</u>

*Note: The borrowing costs have been capitalised at rates ranging from 2.8% to 13.0% (2014: 4.7% to 11.3%) per annum for the year.*

**(b) Staff costs**

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
Salaries, wages and other benefits	<b>477,028</b>	283,331
Contributions to defined contribution retirement plans	<b>25,591</b>	20,094
Equity-settled share-based payment expenses	<b>49,842</b>	46,890
	<hr/>	<hr/>
	<b>552,461</b>	350,315
Less: Amount capitalised	<b>(94,758)</b>	(4,705)
	<hr/>	<hr/>
	<b>457,703</b>	345,610
	<hr/>	<hr/>

**(c) Other items**

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
Depreciation	<b>33,969</b>	29,715
Less: Amount capitalised	<b>(11,125)</b>	(10,290)
	<hr/>	<hr/>
	<b>22,844</b>	19,425
	<hr/>	<hr/>
Rentals receivable from investment properties	<b>(67,878)</b>	(54,534)
Less: Direct outgoings	<b>–</b>	–
	<hr/>	<hr/>
	<b>(67,878)</b>	(54,534)
	<hr/>	<hr/>
Cost of properties sold	<b>10,013,952</b>	8,466,674
Cost of construction	<b>117,317</b>	226,898
Auditors' remuneration	<b>2,404</b>	2,333
Operating lease charges: minimum lease payments for land and buildings	<b>11,605</b>	8,190
	<hr/>	<hr/>

## 6 INCOME TAX

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Current tax</b>		
Provision for PRC Corporate Income Tax (“CIT”) for the year	771,588	711,210
Provision for Land Appreciation Tax (“LAT”) for the year	<u>563,020</u>	<u>440,328</u>
	<b>1,334,608</b>	1,151,538
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>151,084</u>	<u>145,631</u>
	<b><u>1,485,692</u></b>	<b><u>1,297,169</u></b>

- (i) Pursuant to the rules and regulations of the British Virgin Islands (“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 has no assessable profits arising in or derived from Hong Kong for the year.
- (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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Proposed final dividend – HK14 cents (equivalent to approximately RMB12 cents) per share (2014: HK11 cents (equivalent to approximately RMB9 cents) per share)	<u>653,138</u>	<u>435,490</u>

The proposed 2015 final dividend to shareholders of the Company is pending for approval at the Annual General Meeting. The 2015 final dividend proposed after the end of reporting period has not been recognised as a liability at the end of reporting period.

## 8 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2015 is based on the profit attributable to equity shareholders of the Company of RMB2,649,279,000 (2014: RMB2,347,630,000) and the weighted average number of 5,054,992,000 shares (2014: 5,000,000,000 shares) in issue during the year ended 31 December 2015, calculate as follows:

	2015 '000	2014 '000
<b>Weighted average number of shares</b>		
Issued shares at 1 January	5,000,000	5,000,000
Effect of issuance of shares	<u>54,992</u>	<u>–</u>
Weighted average number of shares at 31 December	<u>5,054,992</u>	<u>5,000,000</u>

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the company of RMB2,649,279,000 (2014: RMB2,347,630,000) and the weighted average number of shares of 5,063,879,000 shares (2014: 5,000,000,000 shares), calculated as follows:

	2015 '000	2014 '000
<b>Weighted average number of shares (diluted)</b>		
Weighted average number of shares at 31 December	5,054,992	5,000,000
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<u>8,887</u>	<u>–</u>
Weighted average number of shares (diluted) at 31 December	<u>5,063,879</u>	<u>5,000,000</u>

## 9 INVESTMENT PROPERTIES

All of the Group's investment properties and investment properties under developments were revalued as at 31 December 2014 and 2015. The valuations were carried out by an independent firm of surveyors, Roma Appraisals Limited, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. At 31 December 2014 and 2015, the investment properties have been valued by reference to sales evidences as available on the market. The investment properties under development had been valued on the basis that the properties will be developed and completed in accordance with the relevant development plans. They were determined using the direct comparison approach by making references to comparable sale evidence as available in the relevant market, with adjustments for development costs to be expended to complete the properties.

During the year, the net increase in fair value of investment properties and investment properties under development is RMB943,057,000 (2014: RMB861,854,000) and the additions in investment properties and investment properties under development are RMB296,754,000 (2014: RMB51,804,000). During the year, inventories of RMB216,183,000 (2014: RMB Nil) were transferred to investment properties and investment properties under development.

## 10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade receivables ( <i>note (i)</i> )	96,181	140,767
Prepayments and other receivables	1,291,029	921,887
Derivative financial instruments:		
– Senior notes redemption call options	36,692	27,814
Land deposits ( <i>note (v)</i> )	8,348,721	953,808
Amounts due from related companies ( <i>note (vi)</i> )	166,811	458,109
Amount due from a non-controlling shareholder ( <i>note (vi)</i> )	86,288	–
	<u>10,025,722</u>	<u>2,502,385</u>

*Notes:*

- (i) At of the end of the reporting period, the ageing analysis of trade receivables (net of allowance for doubtful debts), based on the invoice date, is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Current or less than 1 month overdue	61,207	116,311
More than 1 month overdue and up to 3 months overdue	3	–
More than 3 months overdue and up to 6 months overdue	–	–
More than 6 months overdue and up to 1 year overdue	25,187	14,672
More than 1 year overdue	9,784	9,784
	<u>96,181</u>	<u>140,767</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 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.
- (iv) All of the trade and other receivables are expected to be recovered within one year.

- (v) During the year ended 31 December 2014, the Group entered into three land grant contracts for acquisition of the land in the PRC. As at 31 December 2014, a total consideration of RMB953,808,000 was paid and recognised as deposit for the acquisition of those three pieces of land. During the year ended 31 December 2015, the acquisition of the land was completed and respective land use right certificates were obtained.

During the year ended 31 December 2015, the Group entered into four land grant contracts for acquisition of the land in the PRC. As at 31 December 2015, a total consideration of RMB8,348,721,000, was paid and recognised as deposits for the acquisition of the land.

- (vi) The amounts due from related companies and a non-controlling shareholder are interest-free, unsecured and recoverable on demand.

## 11 TRADE AND OTHER PAYABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade payables ( <i>note (i)</i> )	4,046,221	3,242,460
Other payables and accrued charges	498,071	278,743
Dividend payable	–	368,811
Customer deposits received	112,677	36,523
Rental and other deposits received	9,851	7,789
Receipts in advance	11,008,496	6,390,599
Non-interest bearing payable to a financial institution ( <i>note (iii)</i> )	1,293,801	1,293,801
Amounts due to related companies ( <i>note (ii)</i> )	12	223,860
	<u>16,969,129</u>	<u>11,842,586</u>

*Notes:*

- (i) At the end of the reporting period, the ageing analysis of trade payables, based on invoice date, is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 1 month or on demand	2,274,297	1,851,483
More than 1 month but within 3 months	351,249	211,616
More than 3 months but within 6 months	464,546	227,260
More than 6 months but within 1 year	628,771	662,222
More than 1 year	327,358	289,879
	<u>4,046,221</u>	<u>3,242,460</u>

- (ii) The amounts due to related companies are interest-free, unsecured and repayable on demand.
- (iii) The non-interest bearing payable to a financial institution is interest-free, secured by a pledged deposit of RMB1,300,000,000 and repayable on demand.

## **12 ASSETS AND LIABILITIES UNDER CROSS-BORDER GUARANTEE ARRANGEMENTS**

In 2014, the Group entered into some cross-border guarantee arrangements with certain financial institutions, whereby certain offshore funding (i.e. in Hong Kong) primarily obtained from the issuance of senior notes has been used as a pledge against advances to onshore (i.e. in the PRC) for the Group's operating use in respect of its property development projects.

Pursuant to these arrangements which are made in compliance with the relevant rules and regulations promulgated by the State Administration of Foreign Exchange, the Group's subsidiaries in Hong Kong deposited funds in the relevant financial institutions, which in turn either through its related companies or business partners in the PRC advanced the same amount of funds to the Group's subsidiaries in the PRC. The net cost of such arrangements is 2% (2014: 1.7% to 2.5%) per annum of the total funds advanced. The pledge of the Hong Kong funds deposited with such financial institutions will be released upon the settlement of the advances.

## **13 CORPORATE BONDS**

On 12 August 2015, China Securities Regulatory Commission approved the application of Shenzhen Logan Holdings Co., Ltd. ("Shenzhen Logan") (formerly known as Shenzhen Youkaisi Investment Co., Ltd.), a company established in the PRC and a wholly-owned subsidiary of the Company, for a proposed issue of corporate bonds of up to RMB5,000,000,000. The corporate bonds were unsecured, issued in two tranches and listed on the Shanghai Stock Exchange. The coupon rates of the first and second tranche with a principal amount of RMB4,000,000,000 and RMB1,000,000,000 were fixed at 5% per annum and 4.77% per annum respectively. The terms of the first and second corporate bonds were 5 years and 4 years.



## CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board, I hereby present the annual results of the Group for the financial year ended 31 December 2015.

### Results and Ratings

For the year ended 31 December 2015, the Group recorded contracted sales of approximately RMB20.5 billion, representing a significant increase of approximately 53.6% as compared with the corresponding period of the previous year, and contracted saleable GFA of 2,420,000 sq.m., which exceeded the increased annual sales target of the Group of RMB18.0 billion for this year by 14%, with the growth rate of sales ranking top in the industry. Despite the sluggish economy and fierce competition, the Group once again recorded sustainable and remarkable growth. Revenue for the year amounted to RMB14,574.0 million, representing an increase of approximately 16.6% as compared with the corresponding period of the previous year. For the year of 2015, gross profit amounted to RMB4,430.1 million, and the gross profit margin was 30.4%. Profit attributable to equity shareholders amounted to RMB2,649.3 million, representing an increase of approximately 12.8% as compared with the corresponding period of the previous year. Core profit amounted to approximately RMB1,973.6 million, representing an increase of approximately 12.1% as compared with the corresponding period of the previous year. Core profit margin was 13.5%.

In 2015, the economic environment, business condition and domestic property market were full of challenges. Logan Property gained wide recognition and support from the industry and capital market with its visionary land distribution, quick turnover of quality products and outstanding sales performance. During the year under review, Logan Property was again rated by Moody's and Fitch, each being an international authorized rating agency, with a rating of Ba3 and BB-, respectively and the outlook remained stable. Logan Property was selected as the "Most Valuable Property Enterprise in 2015" and the "Most Valuable Listed Property Enterprise in 2015" by National Business Daily. Logan Property also won the "Most Valuable Real Estate Enterprise for Investment in China of 2015" in the 2015 Popular China Real Estate Award (中國地產風尚大獎) of the Boao Real Estate Forum organized by boao.guandian.cn (觀點博鰲房地產論壇). In Hong Kong, the Group also won the award of "Hong Kong Outstanding Enterprises of 2015" issued by Economic Digest. Logan Property won the above awards for the second consecutive year since its listing in 2013, evidencing the high recognition of the society to the business strength and enormous growth potential of Logan Property.

## Market Review and Sales Performance

In 2015, the global economic condition was volatile. On the other hand, the PRC economy maintained stable growth under the new norm, and the overall economic structure continued to optimize and upgrade. During the year under review, benefitted from the introduction of numerous favourable policies promulgated by the PRC government, the general sales performance of the PRC property market marked a significant recovery. Following the implementation of the “330 New Policy” of the PRC real estate market by the central government at the beginning of the year 2015, various control and adjustment policies were launched to support the sustainable development of the PRC real estate market, including the adjustment of down-payment ratio for purchase of the second property and purchaser using housing accumulation fund loans, together with the relaxed monetary policies, such as reductions of interest rate for five times and benchmark rates for four times. Cost of home purchasers and upgraders to purchase houses decreased, thus boosting the demand for upgraders. The property market has showed recovery since the first half of the year under review. According to the data published by National Bureau of Statistics, total saleable GFA and sales of commodity houses for the year 2015 increased by approximately 6.5% and approximately 14.4% as compared with the corresponding period of the previous year, respectively. During the year under review, the Company continued to focus largely on projects targeting upgraders and first-time homebuyers and catering to inelastic demand in order to fully grasp the market opportunities. Of the contracted sales units in 2015, approximately 94% had GFA of 140 sq.m. or less. In terms of payment method, approximately 80% of contracted sales units in 2015 were settled by mortgage down payment.

During the process of industrial restructuring, the supply and demand of different cities varied significantly. First-tier cities and certain major second-tier cities showed strong recovery with rapid and significant growth in property prices and turnover. Property markets in other second-tier cities remained stable, while the destocking process continued in third- and fourth-tier cities. The Company grasped the market opportunities timely and stood out in the consolidation of the industry with its remarkable sales performance during the year under review. The Company ranked top in the industry with its 53.6% growth rate of contracted sales. Due to the unbalanced of long-term property demand and supply structure, the property price in Shenzhen recorded the most rapid growth among all first-tier cities in the PRC. As at 31 December 2015, the Company has land reserve of 13,710,000 sq.m., and over 60% of the saleable resources are located in Shenzhen. During the year under review, the two flagship projects in Shenzhen, namely the Logan City in eastern Shenzhen (深圳東龍光城) and Acesite Mansion (玖龍璽), made great contribution to the growth of the annual sales of the Company. The Acesite Mansion, locating in Longhua district, the new core area of Shenzhen, was launched for pre-sale in October and December 2015, respectively, receiving overwhelming responses from the market. This project is built atop a metro station in Longhua district, being only one station away from Shenzhen North Railway Station and 28 minutes from West Kowloon, Hong Kong upon completion of the High Speed Rail Link. With the strategic positioning as the garden oasis in the Futian central business district (“CBD”), the project enjoys highly-developed commercial and community facilities in Futian. Together with the competitive design of units equipping with intelligent household decoration, the project has great appreciation potential. The Group obtained such land parcel through public tender at the end of October 2014. It took only a year for land resumption, land development and launching of sales. Quick turnover of the project ensured rapid cash returns for the year under review. Another key project of the Group in Shenzhen was Logan City in Shenzhen East with a GFA of 5 million sq.m.. Featured with the magnificent mountain landscape and lake view, convenient transportation and well-equipped facilities, the project attracted much

attention from people with inelastic demand in Shenzhen. The popular sales during the year 2015 contributed to a higher selling price. During the year 2015, nearly 8,000 units of approximately RMB5 billion were sold.

## **Prospects**

Year 2016 is the first year of which year the 13th Five-Year Plan becomes effective. Under the current macro-environment, it is expected that the economic growth in China will be within a reasonable range. Structural reform and urbanization will be continued to put forward. In light of a slower growth of GDP, the central government is expected to continue its qualitative easing policy and effective financial policies in order to stimulate domestic economic development. The moderate supporting policies to the real estate industry are also expected to continue. In respect of the PRC real estate industry, the development of urbanization and the real estate enterprises has shown. Therefore, in respect of the real estate business, the Group will duly adjust its investments and sales strategies according to the changing market situation so as to strive for a higher sales growth while ensuring a reasonable profit margin.

In respect of the product structure, the Group will continue to focus on projects catering to inelastic demand and targeting first-time homebuyers and upgraders in order to strengthen the existing advantages and competitiveness of the Group. Further, the Group will also strive to further refine the design and quality of products with an aim to provide the best quality to customers and realize product value of the Group.

In respect of the land investment, the Group will maintain its leading market position in Shantou and Nanning while further increasing its investment in the large Shenzhen circle and the Pearl River Delta and optimising its strategic plan. Its focus will be placed on cities and surrounding regions with a more developed economy and development potential, including Beijing-Tianjin-Hebei Economic Zone, Shanghai and zone nearby and the opportunities to obtain the land nearby. These efforts will allow the Group to establish a quality land reserve for taking its sales to a new level. The Group will also acquire quality properties in the core areas of Shenzhen to provide long-term and stable operating cash flow for the Company.

In addition, the Group will also continue to analyse other industries and other investment projects as well as the development opportunities of other industries in order to further optimize its diversified strategies and create greater returns for the shareholders.

## **Acknowledgments**

On behalf of the board of directors of the Company, I hereby express my gratitude to all customers, employers, partners and shareholders for their support and trust under any market condition. I also express my heartfelt thankfulness to the management and all employees of the Company for their dedication for a satisfactory results of the Group. Over the past two decades, the Company has been building its value with passion. The Company will continue to work closely for the sustainable development of the Group and a higher return for all shareholders.

**Kei Hoi Pang**  
*Chairman*

Hong Kong  
10 March 2016

## MANAGEMENT DISCUSSION AND ANALYSIS

### Performance Highlights

	<b>2015</b>	2014	Changes
	<i>RMB'000</i>	<i>RMB'000</i>	%
<b>Revenue<sup>1</sup></b>	<b>15,439,780</b>	13,246,247	16.6%
Among which: Sales of properties			
– Income from properties delivered	<b>15,247,388</b>	12,953,104	17.7%
– GFA <sup>2</sup> of properties delivered ( <i>sq.m.</i> )	<b>2,240,698</b>	1,739,538	28.8%
– ASP <sup>2</sup> of properties delivered ( <i>RMB</i> )	<b>6,576</b>	7,131	-7.8%
Rental income	<b>71,748</b>	56,453	27.1%
Construction income	<b>120,644</b>	236,690	-49.0%
<b>Gross profit</b>	<b>4,430,103</b>	3,804,365	16.4%
<b>Profit for the year</b>			
– Attributable to the shareholders	<b>2,649,279</b>	2,347,630	12.8%
– Attributable to non-controlling shareholders	<b>38,539</b>	72,876	-47.1%
<b>Profit for the year (excluding changes in fair value of investment properties and derivatives and deferred tax)</b>	<b>1,973,589</b>	1,760,121	12.1%
– Attributable to shareholders	<b>1,935,312</b>	1,687,245	14.7%
– Attributable to non-controlling shareholders	<b>38,277</b>	72,876	-47.5%
<b>Total assets</b>	<b>56,771,666</b>	44,835,753	26.6%
<b>Cash and bank balances (including cash and cash equivalents and restricted and pledged deposits)</b>	<b>11,190,623</b>	7,514,463	48.9%
<b>Total bank and other borrowings<sup>3</sup></b>	<b>21,044,444</b>	16,265,362	29.4%
<b>Total equity</b>	<b>17,460,917</b>	13,317,018	31.1%
<b>Total equity attributable to shareholders</b>	<b>13,548,779</b>	11,209,886	20.9%
<b>Key financial ratios</b>			
Gross profit margin <sup>(1)</sup>	<b>30.4%</b>	30.4%	
Core profit margin <sup>(2)</sup>	<b>13.5%</b>	14.1%	
Net debt-to-equity ratio <sup>(3)</sup>	<b>58.4%</b>	65.7%	
Liability to asset ratio <sup>(4)</sup>	<b>69.2%</b>	70.3%	

- Notes:
1. Representing the amount of income before deduction of business tax and other sales related taxes
  2. Excluding the car parking portion
  3. Including bank and other loans, senior notes and corporate bonds and non-interest bearing payable

(1) Gross profit margin:  $\text{Gross profit} \div \text{Revenue} * 100\%$

(2) Core profit margin:  $\text{Core profit} \div \text{Revenue} * 100\%$

(3) Net debt-to-equity ratio:  $(\text{Total bank and other borrowings} - \text{cash and cash equivalents} - \text{restricted and pledged deposits}) \div \text{total equity} * 100\%$

(4) Liability to asset ratio:  $\text{Total liabilities} \div \text{total assets} * 100\%$

## Property Development

### Contracted sales

During the year ended 31 December 2015, the Group recorded contracted sales of approximately RMB20,510 million, representing an increase of approximately 53.6% as compared with RMB13,350 million in 2014. The contracted saleable GFA<sup>1</sup> increased by approximately 33.2% to 2,420,000 sq. m. in 2015 from 1,817,000 sq.m. in 2014. Shenzhen Region, other regions of Pearl River Delta, Shantou region, Nanning region and other regions accounted for 43.2%, 17.4%, 21.0%, 14.6% and 3.8% of the Group's contracted sales in 2015, respectively.

	Summary of contracted sales in 2015				ASP <sup>1</sup> (RMB per sq. m.)
	Amount (RMB million)	Percentage	GFA <sup>1</sup> (sq.m.)	Percentage	
Shenzhen region	8,855	43.2%	878,191	36.4%	10,083
Other regions of Pearl River Delta	3,563	17.4%	465,673	19.3%	7,321
Shantou region	4,309	21.0%	515,596	21.3%	7,787
Nanning region	2,997	14.6%	435,394	18.0%	6,341
Other regions	786	3.8%	121,102	5.0%	6,250
<b>Total</b>	<b>20,510</b>	<b>100%</b>	<b>2,415,956</b>	<b>100%</b>	<b>8,194</b>

### Revenue from sales of properties

During the year ended 31 December 2015, revenue from sales of properties amounted to approximately RMB15,247.0 million, representing an increase of approximately 17.7% as compared with RMB12,953.1 million in 2014, and accounted for approximately 98.8% of the Group's total revenue. GFA delivered (excluding car parking spaces) increased by approximately 28.8% to 2,240,698 sq.m. during the year 2015 from 1,739,538 sq.m. for the year 2014. Shenzhen region, other regions of Pearl River Delta, Shantou region, Nanning region and other regions contributed to the Group's revenue from sales of properties of 2015, accounting for 48.7%, 25.4%, 8.0%, 16.5% and 1.4%, respectively.

	Revenue from sale of properties in 2015				ASP <sup>1</sup> (RMB per sq.m.)
	Amount (RMB million)	Percentage	GFA <sup>1</sup> (sq.m.)	Percentage	
Shenzhen region	7,430	48.7%	1,180,276	52.7%	6,261
Other regions of Pearl River Delta	3,876	25.4%	480,757	21.5%	7,840
Shantou region	1,219	8.0%	184,871	8.3%	6,339
Nanning region	2,509	16.5%	373,856	16.6%	5,963
Other regions	213	1.4%	20,938	0.9%	9,095
<b>Total</b>	<b>15,247</b>	<b>100%</b>	<b>2,240,698</b>	<b>100.0%</b>	<b>7,100</b>

### Newly developed projects

As at 31 December 2015, the Group commenced construction of a total of 13 projects or project phases, with a total planned GFA of approximately 1,392,059 sq. m..

1. Excluding the car parking portion

## ***Developing projects***

As at 31 December 2015, the Group had a total of 24 projects or project phases under construction, with a total GFA of approximately 3,604,826 sq.m..

## ***Land reserves***

In 2015, the Group acquired eight new projects through public tendering, auction and listing with a total GFA of 2,388,469 sq.m..

### **List of newly acquired projects through public tendering, auction and listing in 2015**

No.	City	Project name	Equity	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Land cost (RMB million)	Average land cost (RMB per sq.m.)
1	Zhuhai	Jiulong Bay Garden 九龍灣名園	100%	2015.01.28	15,877	80,607	978	12,133
2	Nanning	Provence (Phase 10) 普羅旺斯(10期)	100%	2015.06.16	15,622	69,287	98	1,414
3	Shantou	East Coast Project 東海岸項目	100%	2015.07.14	131,244	401,478	1,416	3,527
4	Nanning	Wuxiang New District Project 五象新區項目	100%	2015.07.24	79,454	302,600	618	2,043
5	Nanning	Wuxiang New District Project 五象新區項目	100%	2015.07.24	62,858	258,000	471	1,826
6	Shantou	East Coast Project C 東海岸C組團	100%	2015.09.10	71,490	299,385	778	2,599
7	Shenzhen	Longhua Hongshan Project 龍華紅山項目	51%	2015.09.23	87,045	841,672	11,250	13,366
8	Shenzhen	Pingshan Land Parcel No.63-65 坪山63-65地塊	100%	2015.12.22	20,173	135,440	1,082	7,989
Total					483,763	2,388,469	16,691	6,988

As at 31 December 2015, the total GFA of the land reserve of the Group amounted to approximately 13,713,330 sq.m., the average cost of land reserve was RMB2,410 per sq.m., and over 70% of our investment was made in Shenzhen region.



## **Property Investments**

### ***Rental income***

As at 31 December 2015, the rental income of the Group amounted to RMB71.7 million, representing an increase of approximately 27.1% as compared with the corresponding period of the previous year.

### ***Investment properties***

As at 31 December 2015, the Group had 15 investment properties with a total GFA of approximately 316,076 sq. m.. As at 31 December 2015, the 12 investment properties were completed.

## ***Financial Review***

### ***(I) Revenue<sup>1</sup>***

Revenue of the Group for the year ended 31 December 2015 increased to RMB15,439.8 million by approximately RMB2,193.5 million, or approximately 16.6%, as compared with 2014, primarily due to the increase of approximately 17.7% in revenue from sales of properties during the year under review. Revenue from sales of properties, income from the leasing business and income from the construction business for the year ended 31 December 2015 amounted to approximately RMB15,247.4 million, RMB71.7 million and RMB120.6 million (2014: approximately RMB12,953.1 million, RMB56.5 million and RMB236.7 million, respectively) respectively.

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1. Representing the amount of income before deduction of business tax and other sales related taxes

Details of the revenue<sup>1</sup> from sales of properties by project are as follows:

<b>Project name</b>	<b>2015</b>		<b>2014</b>	
	<b>Area<sup>2</sup></b> <i>(sq. m.)</i>	<b>Amount<sup>3</sup></b> <i>(RMB'000)</i>	<b>Area<sup>2</sup></b> <i>(sq. m.)</i>	<b>Amount<sup>3</sup></b> <i>(RMB'000)</i>
Huizhou Logan City (惠州龍光城)	<b>792,605</b>	<b>4,937,002</b>	447,982	2,654,271
Huizhou Sky Palace (惠州天悅龍庭)	<b>93,444</b>	<b>393,011</b>	107,085	436,718
Huizhou Grand Riverside Bay (惠州水悅龍灣)	<b>196,572</b>	<b>1,244,310</b>	–	–
Shantou Seaward Sunshine (汕頭尚海陽光)	<b>21,399</b>	<b>356,562</b>	25,770	1,051,479
Shantou Sunshine Castle (汕頭陽光華府)	–	<b>2,148</b>	170	20,437
Shantou Flying Dragon Garden (汕頭龍騰熙園)	–	<b>6,270</b>	129	3,166
Shantou Flying Dragon Landscape (汕頭龍騰嘉園)	<b>163,472</b>	<b>853,925</b>	–	–
Foshan Grand Riverside Bay (佛山水悅龍灣)	<b>52,682</b>	<b>389,312</b>	83,623	847,566
Foshan Joy Palace (佛山君悅龍庭)	<b>166,420</b>	<b>1,115,694</b>	23,695	170,252
Foshan Grand View (佛山水悅雲天)	<b>1,956</b>	<b>15,783</b>	5,864	55,090
Foshan Grand Hyatt (佛山君悅華府)	<b>59,756</b>	<b>590,127</b>	–	–
Foshan Highstreet Building (佛山尚街大廈)	<b>29,526</b>	<b>243,621</b>	–	–
Zhongshan Ocean Grange (中山海悅熙園)	<b>1,913</b>	<b>35,447</b>	88,227	612,299
Zhongshan Grand Garden (中山水悅熙園)	<b>18,484</b>	<b>136,731</b>	69,041	389,871
Zhongshan Grasse Vieille Ville (中山海悅城邦)	–	<b>2,796</b>	49	12,461
Zhongshan Grasse Terrance (中山海悅華庭)	<b>141,298</b>	<b>1,200,522</b>	–	–
Dongguan Imperial Summit Sky Villa (東莞君御旗峰)	<b>39,246</b>	<b>405,413</b>	45,601	504,408
Dongguan Royal Castle (東莞君御華府)	<b>58,409</b>	<b>449,218</b>	–	–
Guangzhou Palm Waterfront (廣州棕櫚水岸)	<b>8,722</b>	<b>124,662</b>	9,070	126,362
Guangzhou Landscape Residence (廣州峰景華庭)	–	<b>11,362</b>	–	70,769
Zhuhai Easy Life (珠海海悅雲天)	–	<b>10,331</b>	543	36,771



Project name	2015		2014	
	Area <sup>2</sup> (sq. m.)	Amount <sup>3</sup> (RMB'000)	Area <sup>2</sup> (sq. m.)	Amount <sup>3</sup> (RMB'000)
Shenzhen Sky Palace (深圳天悦龍庭)	–	535	–	4,395
Shenzhen Grand Joy Palace (深圳君悦龍庭)	–	73	–	4,721
Nanning Provence (南寧普羅旺斯)	73,344	667,269	262,896	2,137,695
Nanning Grand Riverside Bay (南寧水悦龍灣)	42,612	356,616	195,325	1,414,378
Nanning Royal Castle (南寧君御華府)	49,606	535,426	–	–
Fangchenggang Sunshine Seaward (防城港陽光海岸)	208,294	949,383	226,762	1,068,595
Chengdu Sky Palace (成都天悦龍庭)	20,938	213,839	147,706	1,331,400
<b>Total</b>	<b>2,240,698</b>	<b>15,247,388</b>	<b>1,739,538</b>	<b>12,953,104</b>

- Notes:
1. Representing the amount of income before deduction of business tax and other sales related taxes.
  2. Excluding the GFA attributable to the car parking spaces.
  3. Including revenue from sales of car parking spaces, but before deduction of business tax and other sales related taxes.

## (II) Direct costs

The direct costs of the Group for the year ended 31 December 2015 increased to RMB10,143.9 million by approximately RMB1,450.3 million, or approximately 16.7%, as compared with 2014, 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. Key components of costs are as follows:

	2015 RMB'000	2014 RMB'000	Changes per year %
<b>Costs</b>	<b>10,143,907</b>	8,693,572	16.7%
– Costs of sales of properties	<b>10,020,821</b>	8,466,674	18.4%
– Costs of construction business and rental business	<b>123,086</b>	226,898	-45.8%

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

The selling and marketing expenses of the Group for the year ended 31 December 2015 amounted to approximately RMB573.1 million (2014: RMB413.2 million). As the Group further increased its property marketing efforts in response to the challenging market environment in 2015, the selling and marketing expenses had increased by approximately 38.7% as compared with 2014.

The administrative expenses of the Group for 2015 amounted to approximately RMB587.8 million (2014: RMB527.1 million), representing an increase of approximately 11.5% as compared with 2014. The increase was primarily due to the increase in expenses such as increase in 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 2015 amounted to approximately RMB4,209.7 million (2014: RMB3,811.3 million), representing an increase of approximately 10.5% as compared with the corresponding period of previous year. As the revenue of the Group and other revenue for 2015 increased by approximately RMB2,125.2 million as compared with 2014, the relevant direct costs, selling and marketing expenses and administrative expenses increased by approximately RMB1,671.0 million as compared with 2014 whereas the fair value gain of investment properties and derivative financial instruments of the Group for the year increased by approximately RMB74.1 million as compared with 2014. As a result, the profit from operations of the Group increased by approximately RMB398.4 million as compared with 2014.

*(V) Net finance costs*

The net finance costs of the Group for 2015 decreased to approximately RMB36.2 million (2014: RMB93.6 million), primarily due to increase in the amount of borrowing costs of the Group being capitalised as properties development costs. The percentage of net finance cost to the revenue has dropped from 0.7% in 2014 to 0.2% in 2015.

*(VI) Tax*

Taxes of the Group for the year ended 31 December 2015 included CIT and LAT. Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB922.7 million and RMB563.0 million, respectively (2014: RMB856.8 million and RMB440.3 million, respectively).

*(VII) Core profit*

The core profit of the Group for the year ended 31 December 2015 excluding changes in fair value of investment properties and derivatives financial instruments and the relevant deferred tax (the “Core Profit”) amounted to approximately RMB1,973.6 million (2014: RMB1,760.1 million), representing an increase of approximately 12.1% as compared with 2014. The Core Profit margin of the Group for 2015 was 13.5% (2014: 14.1%), representing a decrease of approximately 0.6 percentage points, primarily due to the increase in selling and marketing expenses for the year 2015 as compared with corresponding period in 2014.

*(VIII) Liquidity and financial resources*

As at 31 December 2015, total assets of the Group amounted to approximately RMB56,771.7 million (31 December 2014: RMB44,835.8 million), of which current assets amounted to approximately RMB49,760.3 million (31 December 2014: RMB39,226.1 million). Total liabilities amounted to approximately RMB39,310.7 million (31 December 2014: RMB31,518.7 million), of which non-current liabilities amounted to approximately RMB16,689.5 million (31 December 2014: RMB13,691.4 million). Total equity amounted to approximately RMB17,460.9 million (31 December 2014: RMB13,317.0 million). Total equity attributable to equity shareholders amounted to RMB13,548.8 million (31 December 2014: RMB11,209.9 million).

As at 31 December 2015, the Group had total cash and bank balances (including restricted cash) of approximately RMB11,190.6 million (31 December 2014: RMB7,514.5 million) and total borrowings included non-interest bearing payable to a financial institution of approximately RMB21,044.4 million (31 December 2014: RMB16,265.4 million). As at 31 December 2015, total net borrowings of the Group amounted to approximately RMB10,196.9 million (31 December 2014: RMB8,750.9 million), the net debt-to-equity ratio of the Group was 58.4%.

*(IX) Financing activities*

In 2015, the Group successfully issued two tranches of corporate bonds of approximately RMB4,950 million (after deducting issuance cost). The first tranche of issuance amounted to RMB4 billion, with a coupon rate of 5.0% and a term of 5 years. The second tranche of issuance amounted to RMB1 billion, with a coupon rate of 4.77% and a term of 4 years. The cash ratio (the ratio of cash and bank balances to short-term borrowings) was approximately 2.0 times in 2015 (2014: 2.0 times).

*(X) Pledge of assets*

As at 31 December 2015, the Group had pledged investment properties, other properties, inventories and pledged deposits of approximately RMB16,902.4 million to secure its borrowings (31 December 2014: RMB15,216.7 million).

*(XI) Contingent liabilities*

As at 31 December 2015, the Group provided guarantees of approximately RMB8,157.0 million (31 December 2014: RMB4,371.0 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.

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.

## *(XII) Foreign Exchange Exposure*

The Group's businesses are principally conducted in Renminbi. Other than the bank deposits denominated in foreign currencies, bank borrowings and the senior notes denominated in US dollar and HK dollar, the Group does not have any material exposure directly due to foreign exchange fluctuations. The Group has not entered into any significant forward exchange contract to hedge its exposure to foreign exchange risk.

## *(XIII) Employees and Remuneration Policy*

As at 31 December 2015, the Group had approximately 2,043 employees (2014: 1,241). Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. The remuneration policy of the Group is to provide remuneration packages, including basic salary, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when occasion requires.

The Company has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details will be set out in the annual report of the Company for the year ended 31 December 2015 to be published before end of April 2016.

## **ISSUE OF NEW SHARES AND USE OF PROCEEDS**

On 25 November 2015, the Company entered into a placing and subscription agreement (the "**Agreement**") with certain financial institutions as placing agents to allot and issue (the "**Placing**") 557,554,000 shares of the Company (the "**Placing Shares**") at the price of HK\$2.78 per Share (the "**Placing Price**"). The Placing had been completed on 3 December 2015 and the net proceeds of approximately HK\$1,538.9 million was received by the Company.

The Placing Shares represent (i) approximately 11.15% of the issued share capital of the Company as at the date of the Agreement; and (ii) approximately 10.03% of the issued share capital of the Company as enlarged by the issue of the Placing Shares. The Placing Shares have a market value of approximately HK\$1,790,000,000 based on the closing price of the Shares of HK\$3.21 on 25 November 2015, the date of the Agreement.

The Placing Price of HK\$2.78 per Placing Share represents: (i) a discount of approximately 13.4% to the closing price of HK\$3.21 per Share as quoted on the Stock Exchange on the date of the Agreement; (ii) a discount of approximately 14.5% to the average of the closing prices of approximately HK\$3.25 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Agreement; and (iii) a discount of approximately 13.9% to the average of the closing prices of approximately HK\$3.23 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Agreement.

The gross proceeds of the Placing was approximately HK\$1,550 million, and the net proceeds (after deducting all applicable costs and expenses of the Placing) was approximately HK\$1,538.9 million. The net proceeds from the Placing has been applied in compliance with the intended use (i.e. towards the Group's business development and as general working capital of the Group). As at 31 December 2015, the Group had not utilised any portion of the net proceeds and the net proceeds is currently held in cash and cash equivalents and intended that it will be applied in the manner consistent with the proposed allocations.

## **PAYMENT OF FINAL DIVIDEND**

At the meeting of the Board held on 10 March 2016, the Board resolved to propose the payment of a final dividend of HK14 cents per share for the year ended 31 December 2015. The final dividend is subject to the approval by shareholders at the annual general meeting (the "AGM") of the Company to be held on Thursday, 12 May 2016. The final dividend, if approved by the Company's shareholders, will be paid on or about Thursday, 7 July 2016 to the shareholders whose names appear on the register of members of the Company on Wednesday, 1 June 2016.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

## **ANNUAL GENERAL MEETING**

The AGM will be held on Thursday, 12 May 2016 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 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 AGM to be held on Thursday, 12 May 2016, the register of members of the Company will be closed from Tuesday, 10 May 2016 to Thursday, 12 May 2016, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 9 May 2016.
- (b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed from Monday, 30 May 2016 to Wednesday, 1 June 2016, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 27 May 2016.

## **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 as the code for dealing in securities of the Company by the Directors. Having made specific enquiry, the Company confirmed that all the Directors have complied with the required standards set out in the Model Code. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines or no less exacting terms than the Model Code for the year ended 31 December 2015.

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

During the year ended 31 December 2015, the Company has complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules, save and except for the deviation to code provision A.2.1 below.

Code provision A.2.1 of the CG Code 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. Kei Hoi Pang who is the founder of the Company and has extensive experience in the industry. The Board believes that Mr. Kei Hoi Pang 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 CG Code. As at the date of this announcement, the audit committee of the Company (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 as well as external auditors of the Company have reviewed and discussed the annual results for the year ended 31 December 2015.

## **SCOPE OF WORK OF KPMG**

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2015 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 the Stock Exchange at <http://www.hkexnews.hk>. The 2015 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**  
**Kei Hoi Pang**  
*Chairman*

Hong Kong, 10 March 2016

*As at the date of this announcement, the executive directors are Mr. Kei Hoi Pang, 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.*