Logan Property Holdings Company Limited
龍光地產控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 3380)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

INTERIM RESULTS HIGHLIGHTS

- Contract sales of the Group for the six months ended 30 June 2017 increased by approximately 34.2% as compared with the corresponding period of 2016 to approximately RMB19,313.5 million.
- Revenue of the Group for the six months ended 30 June 2017 increased by approximately 94.6% to RMB12,382.2 million as compared with the corresponding period of 2016.
- Gross profit of the Group for the six months ended 30 June 2017 increased by approximately 153.2% to RMB4,889.0 million as compared with the corresponding period of 2016. Gross profit margin was 39.5%.
- Profit excluding changes in fair values of investment properties and derivative financial instruments and the relevant deferred tax ("Core Profit") of the Group for the six months ended 30 June 2017 increased by 195.4% to RMB2,552.6 million as compared with the corresponding period of 2016. Core Profit margin was up to 20.6%.
- Basic earnings per share for the six months ended 30 June 2017 was RMB61.84 cents (approximately HK71.25 cents).
- Payment of Interim Dividend in cash of HK19 cents per share for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil) and Special Dividend in cash of HK3 cents per share, amounting to a total dividend of HK22 cents per share. The total dividend payment accounted for approximately 40% of the Core Profit.

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Logan Property Holdings Company Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017 – Unaudited
(Expressed in Renminbi)

	Notes	**Six months ended 30 June** **2017** ***RMB'000***	2016 *RMB'000*
Revenue	*2*	**12,382,234**	6,363,209
Direct costs		**(7,493,210)**	(4,432,223)
Gross profit		**4,889,024**	1,930,986
Other revenue		**309,579**	77,479
Other expenses		**(4,076)**	(146,204)
Selling and marketing expenses		**(295,696)**	(244,714)
Administrative expenses		**(288,274)**	(197,512)
Net increase in fair value of investment properties	*6*	**1,771,333**	556,449
Net (decrease)/increase in fair value of derivative financial instruments		**(125,641)**	67,176
Share of profit of associates		**101,228**	–
Share of losses of joint ventures		**(2,072)**	–
Profit from operations		**6,355,405**	2,043,660
Finance costs	*3(a)*	**(318,173)**	(42,275)
Profit before taxation	*3*	**6,037,232**	2,001,385
Income tax	*4*	**(2,281,790)**	(652,636)
Profit for the period		**3,755,442**	1,348,749
Attributable to:			
Equity shareholders of the Company		**3,399,006**	1,277,552
Non-controlling interests		**356,436**	71,197
Profit for the period		**3,755,442**	1,348,749
Earnings per share ***(RMB cents)***	*5*		
Basic		**61.84**	23.01
Diluted		**61.42**	23.00

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017 – unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Profit for the period	**3,755,442**	1,348,749
Other comprehensive income for the period (after tax and reclassification adjustments)		
Item that is or may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of overseas entities	**52,691**	(48,673)
Total comprehensive income for the period	**3,808,133**	1,300,076
Attributable to:		
Equity shareholders of the Company	**3,451,697**	1,228,879
Non-controlling interests	**356,436**	71,197
Total comprehensive income for the period	**3,808,133**	1,300,076

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2017 – unaudited
(Expressed in Renminbi)

	Notes	**30 June 2017** *RMB'000*	31 December 2016 *RMB'000*
Non-current assets			
Investment properties	6	**13,872,475**	11,890,879
Other property, plant and equipment		**169,403**	184,317
		14,041,878	12,075,196
Deferred tax assets		**470,497**	273,500
Interests in associates		**2,724,682**	3,019,480
Interests in joint ventures		**15,396,477**	12,384,833
Restricted and pledged deposits		**316,215**	227,304
		32,949,749	27,980,313
Current assets			
Inventories		**41,358,231**	40,197,099
Trade and other receivables and prepayments	7	**4,175,702**	2,943,357
Tax recoverable		**689,948**	810,941
Assets under cross-border guarantee arrangements		**510,337**	–
Restricted and pledged deposits		**2,226,001**	1,010,172
Cash and cash equivalents		**20,910,414**	13,559,827
		69,870,633	58,521,396
Current liabilities			
Trade and other payables	8	**29,653,676**	23,919,327
Liabilities under cross-border guarantee arrangements		**510,337**	–
Bank and other loans		**3,554,484**	3,370,501
Senior notes		**1,696,860**	1,747,637
Tax payable		**2,515,284**	2,017,405
		37,930,641	31,054,870
Net current assets		**31,939,992**	27,466,526
Total assets less current liabilities		**64,889,741**	55,446,839

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2017 – unaudited
(Expressed in Renminbi)

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Non-current liabilities		
Bank and other loans	**17,525,791**	11,707,510
Corporate bonds	**12,400,000**	12,400,000
Senior notes	**6,184,877**	3,960,889
Deferred tax liabilities	**2,059,406**	1,627,094
	38,170,074	29,695,493
NET ASSETS	**26,719,667**	25,751,346
CAPITAL AND RESERVES		
Share capital	**434,591**	434,591
Perpetual capital securities	**2,363,346**	–
Reserves	**17,822,110**	18,992,258
Total equity attributable to equity shareholders of the Company	**20,620,047**	19,426,849
Non-controlling interests	**6,099,620**	6,324,497
TOTAL EQUITY	**26,719,667**	25,751,346

1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA).

These consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out below.

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the group. None of these developments has had a material effect on how the group's results and financial position for the current or prior periods have been prepared or presented in these financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 REVENUE AND SEGMENT REPORTING

(a) Revenue

Revenue represents income from sale of properties, rental income and construction income earned during the period, before deduction of sales related taxes and discounts allowed, and is analysed as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Sales of properties	**12,259,627**	6,613,485
Rental income	**46,191**	40,013
Construction income	**260,838**	46,059
	12,566,656	6,699,557
Less: Sales related taxes	**(184,422)**	(336,348)
	12,382,234	6,363,209

(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 mainly located in the People's Republic of China (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 operating results attributable to each segment.

(i) Segment results

For the six months ended 30 June 2017

	Property development *RMB'000*	**Property leasing** *RMB'000*	**Construction contracts** *RMB'000*	**Total** *RMB'000*
Gross revenue from external customers	**12,259,627**	**46,191**	**260,838**	**12,566,656**
Less: Sales related taxes	**(182,825)**	**(1,428)**	**(169)**	**(184,422)**
Net revenue from external customers	**12,076,802**	**44,763**	**260,669**	**12,382,234**
Inter-segment revenue	**–**	**10,061**	**2,155,433**	**2,165,494**
Reportable segment revenue	**12,076,802**	**54,824**	**2,416,102**	**14,547,728**
Reportable segment profit	**4,375,112**	**45,723**	**374,113**	**4,794,948**
Bank interest income	**19,447**	**206**	**1,064**	**20,717**
Finance costs	**(69,496)**	**–**	**(25,589)**	**(95,085)**
Depreciation	**(2,679)**	**(1,384)**	**–**	**(4,063)**
Increase in fair value of investment properties	**–**	**1,771,333**	**–**	**1,771,333**

For the six months ended 30 June 2016

	Property development *RMB'000*	Property leasing *RMB'000*	Construction contracts *RMB'000*	Total *RMB'000*
Gross revenue from external customers	6,613,485	40,013	46,059	6,699,557
Less: Sales related taxes	(334,046)	(1,968)	(334)	(336,348)
Net revenue from external customers	6,279,439	38,045	45,725	6,363,209
Inter-segment revenue	–	–	1,706,067	1,706,067
Reportable segment revenue	6,279,439	38,045	1,751,792	8,069,276
Reportable segment profit	1,498,395	37,795	219,010	1,755,200
Bank interest income	17,716	–	15,761	33,477
Finance costs	(20,412)	–	(2,985)	(23,397)
Depreciation	(4,840)	–	(2)	(4,842)
Increase in fair value of investment properties	–	556,449	–	556,449

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**14,547,728**	8,069,276
Elimination of inter-segment revenue	**(2,165,494)**	(1,706,067)
Consolidated revenue	**12,382,234**	6,363,209
Profit		
Reportable segment profit	**4,794,948**	1,755,200
Elimination of inter-segment profits	**(357,647)**	(236,652)
Reportable segment profit derived from Group's external customers	**4,437,301**	1,518,548
Other revenue	**309,579**	77,479
Other expenses	**(4,076)**	(146,204)
Depreciation	**(22,161)**	(22,176)
Finance costs	**(318,173)**	(42,275)
Share of profit of associates	**101,228**	–
Share of losses of joint ventures	**(2,072)**	–
Net increase in fair value of investment properties	**1,771,333**	556,449
Net (decrease)/increase in fair value of derivative financial instruments	**(125,641)**	67,176
Unallocated head office and corporate expenses	**(110,086)**	(7,612)
Consolidated profit before taxation	**6,037,232**	2,001,385

(iii) Geographic information

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

3 PROFIT BEFORE TAXATION

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

		Six months ended 30 June	
		2017	2016
		RMB'000	*RMB'000*
(a)	**Finance costs**		
	Interests on bank and other loans and other borrowing costs	**660,849**	372,442
	Interest on senior notes	**432,938**	287,813
	Interest on corporate bonds	**307,197**	202,615
		1,400,984	862,870
	Less: Amount capitalised	**(1,082,811)**	(820,595)
		318,173	42,275
(b)	**Other items**		
	Depreciation	**39,319**	23,355
	Less: Amount capitalised	**(17,158)**	(1,179)
		22,161	22,176
	Cost of properties sold	**7,263,482**	4,379,980
	Net loss on disposal of other property, plant and equipment	**2,691**	–
	Interest income		
	– Cash at bank	**(51,284)**	(65,306)
	– Amounts due from an associate and joint ventures	**(242,876)**	–

4 INCOME TAX

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Current tax		
Provision for PRC Corporate Income Tax for the period	**1,021,781**	341,757
Provision for PRC Land Appreciation Tax for the period	**1,024,693**	240,114
	2,046,474	581,871
Deferred tax		
Origination and reversal of temporary differences	**235,316**	70,765
	2,281,790	652,636

(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 period.

(iii) Effective from 1 January 2008, under the PRC CIT Law, the PRC's statutory income tax rate is 25%. The Group's subsidiaries included in the PRC are subject to CIT 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.

5 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2017 is based on the profit attributable to equity shareholders of the Company of RMB3,399,006,000 (six months ended 30 June 2016: RMB1,277,552,000) and 5,496,322,000 shares (six months ended 30 June 2016: 5,552,484,000 shares) in issue during the six months ended 30 June 2017, calculated as follows.

	Six months ended 30 June	
	2017	2016
	'000	*'000*
Weighted average number of shares at 30 June	**5,496,322**	5,557,554
Effect of repurchase and cancellation of shares	**–**	(5,070)
Weighted average number of shares at 30 June	**5,496,322**	5,552,484

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company (diluted) of RMB3,399,006,000 (six months ended 30 June 2016: RMB1,277,552,000) and the weighted average number of shares (diluted) of 5,534,482,000 shares (six months ended 30 June 2016: 5,555,405,000 shares).

	Six months ended 30 June	
	2017	2016
	'000	*'000*
Weighted average number of shares at 30 June	**5,496,322**	5,552,484
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**38,160**	2,921
Weighted average number of shares at 30 June (diluted)	**5,534,482**	5,555,405

6 INVESTMENT PROPERTIES

All of the Group's investment properties and investment properties under development were revalued as at 30 June 2017. The valuations were carried out by the independent firms of surveyors, APAC Asset Valuation and Consulting Limited, who has among their staff fellows of the Hong Kong Institute of Surveyors and Vocation (Beijing) International Assets Appraisal Co., Ltd Shenzhen Branch, with recent experience in the locations and categories of properties being valued.

At 30 June 2017, the fair values of investment properties is determined using the direct comparison approach and income capitalisation approach. Direct comparison approach is valued by making reference to comparable sale evidence as available in the relevant market of which is positively correlated to the market unit sale rate. Income capitalisation is valued by capitalising the rental income derived from the existing tenancies with due provisions for the reversionary income potential of the properties which is positively correlated to the market monthly rental rate, and negatively correlated to capitalisation rate.

The investment properties under development have been valued on the basis that the properties will be developed and completed in accordance with the relevant development plans. They are 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. The fair value measurement is positively correlated to the market unit sale rate.

During the period, the net increase in fair value of investment properties and investment properties under development amounted to RMB1,771,333,000 (six months ended 30 June 2016: RMB556,449,000) and additions in investment properties and investment properties under development are amounted to RMB224,334,000 (six months ended 30 June 2016: RMB158,639,000).

7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Trade receivables *(note (i))*	**27,866**	129,292
Gross amount due from related companies for contract work	**93,568**	110,763
Prepayments and other receivables	**3,346,460**	1,742,443
Land deposits	**474,630**	725,620
Amounts due from related companies *(note (iv))*	**31,072**	30,181
Amount due from a non-controlling interest *(note (iv))*	**14**	14
Amount due from an associate *(note (v))*	**82,489**	14,320
Amounts due from joint ventures *(note (v))*	**106,409**	55,563
Derivative financial instruments:		
– Senior notes redemption call options	**13,194**	135,161
	4,175,702	2,943,357

Notes:

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

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Current or less than 1 month overdue	**4,327**	94,273
More than 1 month overdue and up to 3 months overdue	**14,059**	149
More than 3 months overdue and up to 6 months overdue	**6,258**	5,064
More than 6 months overdue and up to 1 year overdue	**309**	11,272
More than 1 year overdue	**2,913**	18,534
	27,866	129,292

(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) All of the trade and other receivables are expected to be recovered within one year.

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

(v) The amounts due from an associate and joint ventures are unsecured, interest free and expected to be recovered within one year.

8 TRADE AND OTHER PAYABLES

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Trade payables *(note (i))*	**5,299,083**	4,675,389
Other payables and accrued charges	**3,870,857**	1,241,533
Dividends payable	**1,192,592**	–
Customer deposits received	**11,826**	12,368
Rental and other deposits received	**72,974**	99,511
Receipts in advance		
– directly from customers *(note (ii))*	**15,794,709**	16,049,478
– others *(note (iii))*	**1,567,000**	–
Amounts due to related companies *(note (iv))*	**504,395**	497,488
Amount due to associates *(note (v))*	**7,718**	–
Amounts due to joint ventures *(note (v))*	**1,332,522**	1,343,560
	29,653,676	23,919,327

Notes:

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

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Within 1 month or repayable on demand	**2,023,863**	2,866,163
More than 1 month but within 3 months	**566,865**	269,849
More than 3 months but within 6 months	**816,761**	391,516
More than 6 months but within 1 year	**743,801**	392,494
More than 1 year	**1,147,793**	755,367
	5,299,083	4,675,389

(ii) These mainly represent amounts received from customers for sale of properties, where the risks and rewards of the properties sold had not yet been transferred as at period-end.

(iii) This represented cash received from specific purpose entity ("SPE") set up by a financial institution in the PRC for issuance of asset backed securities, to which the Group has transferred the right of receipt of the sale proceeds of certain properties to be delivered by the Group. Under an assignment arrangement between the Group and the SPE, as and when the Group receives the sale proceeds from customers, the Group would remit any cash flows it collects on behalf of the SPE.

(iv) The amounts due to related companies are interest-free, unsecured and repayable on demand.

(v) The amounts due to associates and joint ventures are unsecured, interest-free and repayable on demand.

9 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the interim period:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Declared interim dividend and special dividend of HK19 cents and HK3 cents (equivalent to approximately RMB16 cents and RMB3 cents) respectively per ordinary share (six months ended 30 June 2016: Nil)	**1,021,033**	–

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

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Final dividend and special dividend in respect of the previous financial year, approved during the period, of HK22 cents and HK3 cents (equivalent to RMB20 cents and RMB3 cents respectively) respectively per ordinary share (six months ended 30 June 2016: HK14 cents and nil (equivalent to RMB12 cents and nil respectively) per ordinary share)	**1,192,592**	664,043

COMPANY PROFILE

Logan Property Holdings Company Limited ("Logan Property" or the "Company") is an integrated Chinese property developer with intensive engagement in the residential property market of the Guangdong-Hong Kong-Macao Greater Bay Area. Its products primarily target first-time homebuyers and upgraders. As at 30 June 2017, the Company and its subsidiaries (the "Group") had a land bank acquired through public market with an aggregate gross floor area (the "GFA") of 14.75 million sq. m., with over 70% saleable resources catering to the Guangdong-Hong Kong-Macao Greater Bay Area. In 2017, the Group was ranked the 29th largest property developer in China in terms of overall business strength. In addition, Moody's, Standard & Poor's and Fitch have affirmed their long-term corporate credit ratings of "Ba3", "BB- "and "BB-" to Logan Property respectively, with a unanimous "Stable Outlook". 深圳市龍光控股有限公司 (Shenzhen Logan Holdings Co., Ltd.), the principal domestic operating subsidiary of the Group, maintained its "AA+" credit rating and changed to "Positive Outlook" by 聯合信用評級有限公司 (United Credit Rating Co., Ltd.). Logan Property is a constituent stock in the MSCI China Small Cap Index Series and Hang Seng Composite LargeCap/MediumCap Index. and subsequently included in the list of eligible stocks in both the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, serving as an investable objective for southbound stock trading.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board of the Company (the "Board"), I hereby present the business review and prospects of the Group for the six months ended 30 June 2017 (the "Period under Review").

Introduction

During the first half of 2017, the central government formally upgraded the Guangdong-Hong Kong-Macao Greater Bay Area to the world-class level under the national development strategy. To that end, the National Development and Reform Commission (the "NDRC") subsequently raised six work emphases to require the 11 cities in the Greater Bay Area to (1) facilitate connection of infrastructure; (2) enhance market integration; (3) build an internationally competitive modernized industry cluster; (4) establish an internationally competitive modern industrial system; (5) shape a life cycle best for living, working and travelling; and (6) support establishment of collaboration platform. With such emphases in mind, the NDRC aims for the Greater Bay Area to become a major hub of the "21st-Century Maritime Silk Road", play a strategic role during the construction under the Chinese "One Belt, One Road" initiative, and help deliver all-round and multilevel cooperation. In the future, the Guangdong-Hong Kong-Macao Greater Bay Area will boast superior development conditions and plentiful land banks, which can also be reflected in the Group's continuously surging results.

For the six months ended 30 June 2017, the Group achieved a contract sales of approximately RMB19.31 billion, representing an increase of approximately 34.2% as compared with the corresponding period of last year, and a GFA of contract sales of 1,191,000 sq.m., which represented the completion of 56% of RMB34.5 billion sales target for the whole year. In the first half of this year, the Group achieved encouraging results growth and sustained relatively high profitability, under the central government's drive to stable the economy, control risks and implement policies according to local situations. Revenue for the six months ended 30 June 2017 amounted to RMB12,382.2 million, representing an increase of approximately 94.6% as compared with the corresponding period of last year; during the period, profit attributable to equity shareholders amounted to RMB3,399.0 million, representing a significant increase of approximately 166.1% as compared with the corresponding period of last year. Core profit for the six months ended 30 June 2017 amounted to approximately RMB2,552.6 million, representing a significant increase of approximately 195.4% as compared with the corresponding period of last year. Core profit margin increased to 20.6% from 13.6% for the corresponding period of last year.

During the Period under Review, Logan Property actively seized market opportunities and again received wide acclaim across the property sector and capital markets, owing to its outstanding brand value, solid expertise of the property market in the Guangdong-Hong Kong-Macao Greater Bay Area, prospective strategic deployment in the Area and great growth in results. During the Period under Review, Logan Property was successively included in the research by Citibank, Goldman Sachs Gao Hua, Deutsche Bank AG, CMB International and Essence International, and unanimously ranked as "buy" for investment ranking by the above institutions; Large investment banks, such as Nomura International, CICC, CCB International and ABC International, have also raised the target price of Logan Property, which provides enough evidence for the highly recognized value of the Group. In March 2017, the Group was selected as a Top-100 Chinese Real Estate Developer (中國房地產百強企業) for the seventh consecutive year, a title jointly conferred by the Enterprise Research Institute of Development Research Center of the State Council (國務院發展研究中心企業研究所), the Institute of Real Estate Studies of Tsinghua University (清華大學地產研究所) and China Index Academy (中國指數研究院); moreover, the Group leapfrogged from 32nd in 2016 to 29th this year. In addition, the Group ranked 4th among the "Top 10 by Profitability in 2017". As to the capital market, Logan Property was granted "BB–" in long-term corporate credit rating by Standard & Poor's with a stable outlook. Moody's and Fitch, both being authoritative international rating agencies, also reaffirmed their ratings on the Group ("Ba3" and "BB–", respectively), with a stable outlook. Shenzhen Logan Holdings Co., Ltd., the principal domestic operating subsidiary of the Group, maintained its "AA+" long-term corporate credit rating by United Credit Rating Co., Ltd. As to corporate honors, Logan Property was conferred "2017 China Property Award of Supreme Excellence" (優質中國房地產企業大獎2017) by the organizing committee of China Property Award of Supreme Excellence. The Group also won the "Most Valuable Domestic Real Estate Stock Company" (最具價值內房股公司) and the "Best Listed Company for Market Value Management" (最佳市值管理上市公司) in the "2016 Golden Hong Kong Shares Selection" (2016金港股評選), an event jointly organized by Zhitongcaijing (智通財經) and Hithink RoyalFlush (同花順). Both awards sufficiently project Logan Property as a real estate model, with its brand image and reputation well recognized by the international capital market and the real estate sector.

Business Review

During the first half of 2017, the Chinese GDP grew by 6.9% on a year-on-year basis, with 6.9% and 6.9% growths recorded for the first and second quarters respectively. Such data performance is better than the expected 6.5% growth target for the whole year, suggesting overall economic recovery and boosting market confidence. The Period under Review saw a continuously heated domestic market of public land tendering, auction and recognition, with land value hitting record highs. Against the backdrop, the central government quickened its pace to establish and improve a long-term mechanism for the stable and healthy development of the real estate market. Efforts were also made to strengthen the categorized regulation of the real estate market. On one hand, the central authorities curbed the investment demand in the first and second-tier cities and rolled out price restriction policies, which resulted in a real estate market of smaller volume and stable price. On the other hand, the authorities supported the demand of residents who purchase houses for self-occupation and new urban dwellers, which led to effective destocking in third and fourth-tier cities.

By following the development trend of market diversification, the Group has properly adjusted the sales strategies and timing of launching its projects, tapped into effective market demands, and delivered outstanding performance. Logan visionary strategic footprint in Guangdong-Hong Kong-Macau Greater Bay Area. During the Period under Review, the Group was well received by the market for its project sales in the Guangdong-Hong Kong-Macao Greater Bay Area. In Shenzhen, for instance, Logan Property attained one excellent sales performance after another in its "Logan • Carat Complex" (龍光 • 玖鑽) project located in Longhua District and the "Masterpiece" (玖雲著) project in Pingshan District. For months, "Logan • Carat Complex" (龍光 • 玖鑽), a project erected on the metro station, retained the highest transacted area of real estate projects or the sales of commercial apartments in Shenzhen. The Masterpiece (玖雲著) also ranked top in the number of transacted units for a single month in the city. In Shantou, Logan Property has also its brand advantage and held certain market share. In particular, Shantou was another source of contracted sales contribution in the first half of the year. Featuring rarity and a high gross profit margin, its new Chinese-style courtyard residence "Royal & Seaward Sky Joy"(御海天禧) and "Royal Sea Sunshine"(御海陽光) became two brightest pearls adored in the local real estate market, with the contract sales of Shantou Region exceeding RMB5 billion. This greatly boosted the Group's overall sales growth in the first half and further contributed abundant cash flow.

As the central government determines to build the Guangdong-Hong Kong-Macao Greater Bay Area into a world-class greater bay and megalopolis, the Group is visionary to have its strategic layout established in the Guangdong-Hong Kong-Macao Greater Bay Area and enjoy an early-bird advantage. Currently, Logan Property has well established itself in 9 out of the 11 key cities in the Area. Across the 9 cities, the Group has 7 key projects in Shenzhen, all of them located along rail transit routes or erected on transit stations, which has given these projects a huge potential for appreciation. The Group's value derived from the Guangdong-Hong Kong-Macao Greater Bay Area amounts to RMB314.5 billion. Faced with high land value in the primary market, the Group actively expanded its land reserve through diversified channels, replenished its land reserve at a lower cost by participating in urban renewal projects in the Guangdong-Hong Kong-Macao Greater Bay Area, and avoided pricey land obtainment from the public market during the industrial rising cycle. As at 30 June 2017, the total GFA of the Group's land reserve which was acquired through public market, was 14.75 million sq.m., which is expected to meet the Group's development demands in the next five years or more. High in quality and reasonably priced, the land reserve in the Guangdong-Hong Kong-Macao Greater Bay accounted for over 50% of the Group's land reserve calculated in total GFA. Benefiting from the Area's strong economic growth and increasing population and wealth, it is expected that such land reserve will bring endless momentum for the Group's future sales.

During the Period under Review, the Group has successfully entered overseas markets, and obtained premium residential land parcels in Ap Lei Chau, Hong Kong, and Queenstown, Singapore, respectively. Both land parcels are precious urban land resources which occupy prime locations, establishing a solid foundation for future developments of the Group.

A capital structure under continuous optimization is one of the reasons why the Group has recorded rapid growth and surging profits. In January 2017, the Group successfully issued five-year overseas senior notes worth US$200 million, at a coupon rate of 5.75% per annum. In mid-May 2017, the Group issued another batch of oversea senior notes worth US$450 million, for a term of five years and nine months and at a coupon rate further reduced to 5.25% per annum. Such issuance helps the Group to further reduce its borrowing costs and optimize its debt structure, indicating that the capital market recognizes the Company's good fundamentals and is confident of its stellar future results. In addition, the Group's early redemption of the 2019 senior notes in June, with a principal amount of US$300 million and a coupon rate of 11.25% per annum, will save a large sum of interest expense for the Group each year. As at 30 June 2017, the Group held cash and bank balances (including restricted and pledged deposits) of approximately RMB23,452.6 million (As at 31 December 2016: RMB14,797.3 million), with a net debt-to-equity ratio of approximately 67.0% (As at 31 December 2016: 71.4%). During the Period under Review, the average borrowing cost of the Group was 5.9% (the year of 2016: 6.1%). The Group will continue to explore different types of financing channels to lower its financing costs and ensure continuous, robust development.

PROSPECTS

The first half of 2017 witnessed the recovery of market confidence, businesses' improving capability to adapt to the market, and a continuously improving economic structure. Given such momentum and based on general economic stability in China, there will be a clearer trend of robust economic development. As more intensified efforts are made to deliver localized policies to individual cities under the general principles of risk control and destocking, popular cities will experience downward adjustment of real estate volume and price, and third and fourth-tier cities are expected to sustain its steady trend. All these developments are expected to continuously help the real estate market in its steady and healthy development.

Supported by national policies, the Guangdong-Hong Kong-Macao Greater Bay Area will accelerate its development in transport interconnectivity, economic and trade cooperation and cultural exchanges in the near future. Such broad prospects of building the Guangdong-Hong Kong-Macao Greater Bay Area are expected to herald tremendous opportunities for development. Driven by such leading cities as Hong Kong and Shenzhen, the Area will deliver significant development potential.

Logan Property's prospective strategic deployment in the Guangdong-Hong Kong-Macao Greater Bay Area fully testifies to the Group's industrial vision and advantageous planning. By leveraging its solid experience of developing the Area, international brand effect and the wealth of reasonably priced and quality land reserves, the Group will copy its successful metropolitan business model to the prime land in Zhuhai, Zhongshan and Foshan, where the Group has long established its presence, to seize the opportunities brought by the high-speed development of the Guangdong-Hong Kong-Macao Greater Bay Area, further increase its market share and bring its scale to the next level.

Under the tightening control policies in the first and second-tier cities, the Group will adjust its sales and development strategies to market supply and demand in due course, and retain the room for profitability and appreciation during the second half of the year. The Group will also prudently promote the sales of its projects located along Shenzhen Metro routes, including the "Logan • Carat Complex" (龍光 • 玖鑽) project erected on Hongshan Metro Station in the center of north Shenzhen, the "Masterpiece" (玖雲著) at Pingshan High Speed Rail Station and "Logan • Acesite Park" (龍光 • 玖龍臺) at Guangming High Speed Rail Station. As for other cities, the Group will capitalize on the high housing demand in first-tier cities and fully tap into such regions as Shantou and Nanning where the Group enjoys brand advantages, to continue to deliver exceptional sales performance.

In the first half of the year, the Group started a new pattern of synchronizing domestic and overseas development. In early 2017, the Group succeeded in its cooperation with KWG to bid for a rare and high-quality land parcel in Lee Nam Road, Ap Lei Chau for large-scale residential development in Hong Kong. Subsequently, in cooperation with Nanshan Group, Logan Property made another successful bid for a large downtown land parcel in Stirling Road, Queenstown, Singapore, which is quite a rarity for large-scale residential development. The project occupies a prime location with a good profitable outlook, serving as another important initiative for the Group to effectively hedge foreign currency exposure and diversify its land reserve portfolio through overseas assets allocation.

Considering the development cycle of the mainland real estate market, the Group will continue to identify premium assets in overseas markets over the second half of the year, participate in profitable urban renewal projects and explore diversified land reserves, so as to further enhance the Group's market competitiveness and brand influence.

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank all the members of the Board and all the staff, for their unremitting efforts, professionalism and collective contribution. Besides, the Group cannot achieve its robust development without the trust and support of investors, partners and customers and all walks of life. In the future, the Company will pursue continuous progress, and endeavor to bring maximum value and ideal return for its shareholders.

Kei Hoi Pang
Chairman
Hong Kong

10 August 2017

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

For the six-month period ended 30 June 2017, the revenue of the Group was RMB12,382.2 million, representing an increase of approximately 94.6% as compared with the corresponding period of 2016. The gross profit was RMB4,889.0 million, representing an increase of approximately 153.2% as compared with the corresponding period of 2016. For the six-month period ended 30 June 2017, profit attributable to the equity shareholders was RMB3,399.0 million, representing an increase of approximately 166.1% as compared with the corresponding period of 2016. For the six-month period ended 30 June 2017, the profit for the period net of changes in fair value of investment properties and derivative financial instruments and the relevant deferred tax (the "Core Profit") amounted to RMB2,552.6 million, having increased significantly approximately 195.4% as compared with the corresponding period of 2016. Basic earnings per share was RMB61.84 cents (the corresponding period of 2016: RMB23.01 cents). As at 30 June 2017, the net debt-to-equity ratio of the Group was 67.0%.

Performance Highlights

	For the six-month period ended 30 June		
	2017	2016	Changes %
Contract sales *(RMB'000)*	**19,313,461**	14,390,320	34.2%
Contract saleable GFA *(sq.m.)*[2]	**1,191,094**	1,140,695	4.4%
Contract average selling price ("ASP") *(RMB/sq.m.)*[2]	**15,452**	11,901	29.8%
Revenue[1]	**12,566,656**	6,699,557	87.6%
Among which: sales of properties			
– Revenue from properties delivered *(RMB'000)*[1]	**12,259,627**	6,613,485	85.4%
– GFA of properties delivered *(sq.m.)*[2]	**1,091,487**	827,073	32.0%
– ASP of properties delivered *(RMB/sq.m.)*[2]	**10,556**	7,502	40.7%
Rental income *(RMB'000)*[1]	**46,191**	40,013	15.4%
Construction income *(RMB'000)*[1]	**260,838**	46,059	466.3%
Gross profit *(RMB'000)*	**4,889,024**	1,930,986	153.2%
Profit for the period			
– Attributable to equity shareholders *(RMB'000)*	**3,399,006**	1,277,552	166.1%
– Attributable to non-controlling interests *(RMB'000)*	**356,436**	71,197	400.6%
Profit for the period (excluding changes in fair value of investment properties and changes in fair value of derivative financial instruments and the relevant deferred tax)	**2,552,583**	864,236	195.4%
– Attributable to equity shareholders *(RMB'000)*	**2,547,568**	884,120	188.1%
– Attributable to non-controlling interests *(RMB'000)*	**5,015**	(19,884)	–

	30 June 2017	31 December 2016	Changes %
Total assets *(RMB'000)*	**102,820,382**	86,501,709	18.9%
Cash and bank balances (including cash and cash equivalents and restricted and pledged deposits) *(RMB'000)*	**23,452,630**	14,797,303	58.5%
Total bank and other loans[3] *(RMB'000)*	**41,362,012**	33,186,537	24.6%
Total equity *(RMB'000)*	**26,719,667**	25,751,346	3.8%

Key financial ratios

Gross profit margin[(1)]	**39.5%**	30.3%	
Core profit margin[(2)]	**20.6%**	13.6%	
Net debt-to-equity ratio[(3)]	**67.0%**	71.4%	
Gearing ratio[(4)]	**74.0%**	70.2%	

1. Representing the amount of income before deduction of sales related taxes.

2. Excluding the GFA attributable to the car parking spaces.

3. Including bank and other loans, senior notes and corporate bonds.

Notes:

(1) Gross profit margin: Gross profit ÷ revenue * 100%

(2) Core profit margin: Core Profit ÷ revenue * 100%

(3) Net debt-to-equity ratio: (Total bank and other loans – cash and bank balances) ÷ total equity * 100%

(4) Gearing ratio: Total liabilities ÷ total assets * 100%

Property Development

Contract sales

In the first half of 2017, the Company continues to utilize its market advantages in the Guangdong-Hong Kong-Macao Greater Bay Area and achieved a satisfactory sales performance. For the period ended 30 June 2017, the Group attained contract sales of approximately RMB19,313.5 million, representing an increase of approximately 34.2% as compared with RMB14,390.0 million as at 30 June 2016. For the contract sales in the first half of 2017, Shenzhen region, other regions of Pearl River Delta, Shantou region, Nanning region and other regions accounted for approximately 29.6%, 22.8%, 33.5%, 12.9% and 1.2%, respectively. The contract sales were mainly generated from Guangdong-Hong Kong-Macao Greater Bay Area and Shantou region. For Shenzhen region, the sales were mainly generated from Logan • Carat Complex (玖鑽) project erected on the Hongshan subway station at the Shenzhen's subway line 4 and Masterpiece (玖雲著) project in Pingshan New District. The sales from Shantou region were mainly contributed by the featuring projects, namely Royal & Seaward Sky Joy (御海天禧) and Royal Sea Sunshine (御海陽光). In the second half of 2017, the Company will launch its brand new Acesite Park (玖龍臺) in Shenzhen Guangming New District for sale, while Logan • Carat Complex (玖鑽), projects erected on the subway stations in the north commercial sub-district of Shenzhen, and Masterpiece (玖雲著) in the Pingshan New District will continue to be launched for sale. The newly developed project Celestial Palace (御海天宸) in Shautou Dong Hai'an Xincheng (汕頭東海岸新城) will be launched for sale. It is expected that such projects will bring an encouraging sales performance to the Group. Since the land cost of such project lands is relatively low, the selling prices are in line with our expectation, therefore bringing significant revenue and profit to the Company in the future.

	Contract sales in the first half of 2017				
Region	**Amount** ***(RMB million)***	**Percentage**	**Total GFA[1]** ***(sq.m.)***	**Percentage**	**ASP[1]** ***(RMB/ sq.m.)***
Shenzhen region	**5,714**	**29.6%**	**138,299**	**11.6%**	**41,301**
Other regions of Pearl River Delta[2]	**4,404**	**22.8%**	**274,654**	**23.1%**	**15,408**
Shantou region	**6,465**	**33.5%**	**422,209**	**35.4%**	**13,799**
Nanning region	**2,493**	**12.9%**	**328,733**	**27.6%**	**7,320**
Other regions	**237**	**1.2%**	**27,199**	**2.3%**	**8,381**
Total	**19,313**	**100%**	**1,191,094**	**100%**	**15,452**

1. Excluding car parking spaces
2. Excluding Shenzhen region

Revenue from Sales of Properties

For the six-month period ended 30 June 2017, the revenue from sales of properties amounted to RMB12,259.6 million, representing an increase of approximately 85.4% as compared with the revenue from sales of properties of RM6,613.5 million in the corresponding period of 2016 and accounting for 97.6% of the total revenue. Area delivered (excluding car parking spaces) increased by 32.0% to 1,091,487 sq.m. for the six-month period ended 30 June 2017 from 827,073 sq.m. in the corresponding period of 2016. Shenzhen region, other regions of Pearl River Delta[2], Shantou region, Nanning region and other regions contributed to the revenue from sales of properties in the first half of 2017, accounting for approximately 41.6%, 9.7%, 36.5%, 8.0% and 4.2%, respectively.

Revenue from sales of properties in the first half of 2017

Region	Amount *(RMB million)*	Percentage	Total GFA[1] *(sq.m.)*	Percentage	ASP (excluding car parking spaces) *(RMB/sq.m.)*
Shenzhen region	**5,094**	**41.6%**	**334,488**	**30.7%**	**15,181**
Other regions of Pearl River Delta[2]	**1,189**	**9.7%**	**87,748**	**8.0%**	**12,085**
Shantou region	**4,475**	**36.5%**	**415,988**	**38.1%**	**9,564**
Nanning region	**987**	**8.0%**	**177,346**	**16.2%**	**5,102**
Other regions	**515**	**4.2%**	**75,917**	**7.0%**	**6,585**
Total	**12,260**	**100%**	**1,091,487**	**100%**	**10,556**

Newly commenced projects

As at 30 June 2017, the Group commenced construction of a total of 10 projects or new project phases with a total planned GFA of approximately 1,998,712 sq.m..

Completed projects

As at 30 June 2017, the Group completed 9 projects or project phases with a total planned GFA of approximately 1,672,629 sq.m..

Developing projects

As at 30 June 2017, the Group had a total of 21 projects or project phases under construction with a total planned GFA of approximately 5,135,334 sq.m..

1. Excluding car parking spaces
2. Excluding Shenzhen region

Land Reserves

For the period ended 30 June 2017, the Group acquired six new projects through public tendering, auction and listing with a total GFA of 1,829,624 sq.m..

List of newly acquired projects through public tendering, auction and listing in the first half of 2017

No.	City	Project name	Date of acquisition	Equity	Site area *(sq.m.)*	Total GFA *(sq.m.)*	Saleable GFA *(sq.m.)*	Total land cost *(RMB million)*	Equity land cost *(RMB million)*	Average land cost *(RMB/ sq.m.)*
1	Liuzhou	Liudong New District CBD Land (柳東新區商務中心區地塊)	2017.02.14	100%	187,443	620,565	412,374	1,103	1,103	2,674
2	Hong Kong	Ap Lei Chau project (鴨脷洲項目)	2017.02.24	50%	11,752	70,606	70,606	14,832	7,416	210,072
3	Huizhou	Tonghu project (潼湖項目)	2017.02.27	50%	150,487	605,100	603,974	832	416	1,378
4	Singapore	Queenstown project (女皇鎮項目)	2017.05.18	51%	21,098	88,657	88,657	4,981	2,540	56,183
5	Shantou	Project in Xinhua East Road, Chaoyang District (潮陽區新華東路項目)	2017.06.20	100%	28,977	170,696	128,094	421	421	3,287
6	Zhaoqing	Central Service Region in Dawang High-tech Zone (大旺高新區中心服務區)	2017.06.30	100%	63,700	274,000	203,800	536	536	2,630
			Total		463,457	1,829,624	1,507,505	22,705	12,432	15,061

As at 30 June 2017, the total GFA of the land reserves acquired through public market of the Group amounted to approximately 14,751,110 sq.m., the average cost of land reserves was RMB4,680 per sq.m., in which Guangdong-Hong Kong-Macao Greater Bay Area accounted for over 70%, if calculated by land value.

Land reserves acquired through public market distribution as at 30 June 2017

	GFA *(sq.m.)*	Percentage
Shenzhen	**2,027,334**	**13.7%**
Huizhou/Dongguan	**3,863,617**	**26.2%**
Guangzhou/Foshan/Zhaoqing	**1,243,282**	**8.4%**
Zhuhai/Zhongshan/Jiangmen	**321,158**	**2.2%**
Hong Kong and Macau	**70,606**	**0.5%**
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	**7,525,997**	**51%**
Shantou region	**1,949,982**	**13.2%**
Nanning region	**4,073,355**	**27.6%**
Other regions	**1,113,119**	**7.6%**
Singapore	**88,657**	**0.6%**
Total	**14,751,110**	**100%**
Land cost (per sq.m.)	**RMB4,680**	**–**
Land cost (excluding Hong Kong and Singapore, per sq.m.)	**RMB3,373**	**–**

Property Investments

Rental income

The rental income of the Group for the six-month period ended 30 June 2017 amounted to RMB46.2 million, representing an increase of approximately 15.4% as compared with the corresponding period of 2016.

Investment properties

As at 30 June 2017, the Group had 25 investment properties with a total GFA of approximately 489,008 sq.m.. Among those investment property portfolios, 19 investment properties with a total GFA of approximately 149,092 sq.m. have been completed, and the remaining 6 are still under development.

Financial Review

(I) Revenue

Revenue of the Group for the six-month period ended 30 June 2017 amounted to RMB12,382.2 million, representing an increase of approximately RMB6,019.0 million, or approximately 94.6%, as compared with the corresponding period of 2016, primarily due to the increase in revenue from sales of properties as compared with the corresponding period of 2016. Revenue from sales of properties for the six-month period ended 30 June 2017 amounted to approximately RMB12,259.6 million, representing an increase of approximately 85.4% as compared with approximately RMB6,613.5 million in the corresponding period of 2016.

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

Project name	For the six-month period ended 30 June 2017 Area[1] *(sq.m.)*	Amount[2] *(RMB'000)*	2016 Area[1] *(sq.m.)*	Amount[2] *(RMB'000)*
Shantou Seaward Sunshine (汕頭　尚海陽光)	**29,220**	**420,237**	16,661	200,596
Shantou Flying Dragon Garden (汕頭　龍騰熙園)	**–**	**136**	–	4,326
Shantou Flying Dragon Landscape (汕頭　龍騰嘉園)	**56,941**	**445,588**	150,836	935,393
Shantou Royal Sea Sunshine (汕頭　御海陽光)	**205,600**	**2,552,614**	–	–
Shantou Royal & Seaward Jubilee Garden (汕頭　御海禧園)	**88,851**	**649,068**	–	–
Shantou Sea & Sunshine (汕頭　碧海陽光)	**35,377**	**407,594**	–	–
Huizhou Sky Palace (惠州　天悅龍庭)	**126**	**2,280**	5,470	38,157
Huizhou Grand Riverside Bay (惠州　水悅龍灣)	**1,608**	**20,762**	11,928	87,902
Guilin Provence (桂林　普羅旺斯)	**7,547**	**39,383**	23,051	119,235
Guangzhou Landscape Residence (廣州　峰景華庭)	**–**	**9,075**	–	12,346
Guangzhou Palm Waterfront (廣州　棕櫚水岸)	**364**	**14,586**	5,529	83,018

Project name	For the six-month period ended 30 June			
	2017		2016	
	Area[1]	**Amount[2]**	Area[1]	Amount[2]
	(sq.m.)	***(RMB'000)***	*(sq.m.)*	*(RMB'000)*
Shunde Grand View (順德　水悦雲天)	**–**	**–**	–	1
Foshan Grand Riverside Bay (佛山　水悦龍灣)	**14,999**	**138,681**	22,569	174,096
Foshan Joy Palace (佛山　君悦龍庭)	**6,452**	**64,455**	14,243	170,929
Foshan Grand Joy Castle (佛山　君悦華府)	**863**	**13,996**	1,028	32,524
Foshan Shin Street Building (佛山　尚街大廈)	**2,408**	**31,223**	9,843	122,808
Foshan Grand Garden (佛山　水悦熙園)	**1,213**	**16,806**	–	–
Foshan Sky Lake Castle (佛山　天湖華府)	**61,067**	**871,478**	–	–
Zhuhai Easy Life (珠海　海悦雲天)	**–**	**446**	–	1,286
Zhongshan Grand Joy Garden (中山　水悦馨園)	**148**	**16,294**	138,722	834,786
Zhongshan Ocean Grange (中山　海悦熙園)	**–**	**351**	436	5,507
Zhongshan Grand Garden (中山　水悦熙園)	**–**	**2,900**	3,328	37,140
Zhongshan Ocean Vista Residence (中山　海悦華庭)	**233**	**8,491**	3,234	58,384
Dongguan Imperial Summit Sky Villa (東莞　君御旗峰)	**–**	**5,557**	10,002	111,642
Dongguan Royal Castle (東莞　君御華府)	**–**	**10,969**	288	5,477
Shenzhen Acesite Mansion (深圳　玖龍璽)	**6,570**	**603,120**	–	–
Shenzhen Logan City (深圳　龍光城)	**326,184**	**4,451,551**	122,944	1,388,177
Nanning Provence (南寧　普羅旺斯)	**55,840**	**451,002**	83,345	591,194
Nanning Grand Riverside Bay (南寧　水悦龍灣)	**614**	**12,876**	835	54,945
Nanning Royal Castle (南寧　君御華府)	**624**	**13,325**	52,416	562,289

Project name	For the six-month period ended 30 June **2017** Area[1] *(sq.m.)*	Amount[2] *(RMB'000)*	2016 Area[1] *(sq.m.)*	Amount[2] *(RMB'000)*
Nanning Joy Residence (南寧　君悅華庭)	**–**	**4,967**	127,314	813,137
Chengdu Sky Palace (成都　天悅龍庭)	**–**	**12,384**	825	25,025
Chengdu Joy Residence (成都　君悅華庭)	**42,898**	**208,912**	–	–
Hainan Sea and City (海南　海雲天)	**33,019**	**293,335**	–	–
Guangxi Sunshine Seaward (廣西　陽光海岸)	**112,721**	**465,185**	22,226	143,138
Total	**1,091,487**	**12,259,627**	827,073	6,613,458

1. Excluding the GFA attributable to the car parking spaces.
2. Including revenue from sales of car parking spaces.

(II) Direct costs

The direct costs of the Group increased by approximately RMB3,061.0 million, or approximately 69.1%, as compared with the corresponding period of 2016, primarily due to the expansion of business scale as compared with the corresponding period of 2016. Key components of costs are as follows:

	For the six-month period ended 30 June **2017** *RMB'000*	2016 *RMB'000*	Changes %
Costs	**7,493,210**	4,432,223	69.1%
Property development costs	**7,263,482**	4,394,352	65.3%
Costs of construction business and rental business	**229,728**	37,871	506.6%

(III) Selling and marketing expenses and administrative expenses

The selling and marketing expenses of the Group for the six-month period ended 30 June 2017 amounted to approximately RMB295.7 million (the corresponding period of 2016 was approximately RMB244.7 million). As the Group further increased its property marketing efforts during the year, the relevant selling and marketing expenses also increased by approximately 20.8% as compared with the corresponding period of 2016.

The administrative expenses of the Group for the six-month period ended 30 June 2017 amounted to approximately RMB288.3 million (the corresponding period of 2016 was approximately RMB197.5 million), representing an increase of approximately 46.0% as compared with the corresponding period of 2016. The increase was primarily due to the increase in staff costs.

The percentage of selling and marketing expenses and administrative expenses to contract sales of the Group decreased from 3.1% for the six months ended 30 June 2016 to 3.0% for the six months ended 30 June 2017.

(IV) Profit from operations

The profit from operations of the Group for the six-month period ended 30 June 2017 increased by RMB4,311.7 million to approximately RMB6,355.4 million (the corresponding period of 2016: approximately RMB2,043.7 million). As the revenue of the Group increased by approximately RMB6,019.0 million as compared with the corresponding period of 2016, the relevant direct costs, selling and marketing expenses and administrative expenses also increased by approximately RMB3,202.7 million as compared with the corresponding period of 2016, and net increase in fair value of investment properties and other revenue increased by approximately RMB1,447.0 million as compared with the corresponding period of 2016. As a result, the profit from operations of the Group increased by approximately RMB4,311.7 million as compared with the corresponding period of 2016.

(V) Finance costs

The net finance costs of the Group for the six-month period ended 30 June 2017 increased to approximately RMB318.2 million (the corresponding period of 2016 was approximately RMB42.3 million), primarily due to the increase in scales of loan and senior notes.

(VI) Income tax

Taxes of the Group for the six-month period ended 30 June 2017 included CIT and LAT. Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB1,257.1 million and RMB1,024.7 million, respectively (the corresponding period of 2016: approximately RMB412.5 million and RMB240.1 million).

(VII) Core Profit

The Core Profit of the Group for the six-month period ended 30 June 2017 amounted to approximately RMB2,552.6 million, representing an increase of approximately RMB1,688.3 million as compared with the corresponding period of 2016. The Core Profit margin of the Group for the six-month period ended 30 June 2017 was approximately 20.6% (the corresponding period of 2016 was approximately 13.6%), representing an increase of approximately seven percentage points as compared with the corresponding period of 2016.

(VIII) Liquidity and financial resources

As at 30 June 2017, total assets of the Group amounted to approximately RMB102,820.4 million (31 December 2016: approximately RMB86,501.7 million), of which current assets amounted to approximately RMB69,870.6 million (31 December 2016: approximately RMB58,521.4 million). Total liabilities amounted to approximately RMB76,100.7 million (31 December 2016: approximately RMB60,750.4 million), of which non-current liabilities amounted to approximately RMB38,170.1 million (31 December 2016: approximately RMB29,695.5 million). Total equity amounted to approximately RMB26,719.7 million (31 December 2016: approximately RMB25,751.3 million), of which total equity interests attributable to equity shareholders amounted to RMB20,620.0 million (31 December 2016: approximately RMB19,426.8 million).

As at 30 June 2017, the Group had cash and bank balances (including restricted cash) of approximately RMB23,452.6 million (31 December 2016: approximately RMB14,797.3 million) and total bank and other loans of approximately RMB41,362.0 million (31 December 2016: approximately RMB33,186.5 million).

(IX) Financing activities

For the six-month period ended 30 June 2017, the Group successfully issued two tranches of senior notes of US$650,000,000. The first tranche of senior notes amounted to US$200,000,000, with a coupon rate of 5.75% and a maturity date on 3 January 2022. The second tranche of senior notes amounted to US$450,000,000, with a coupon rate of 5.25% and a maturity date on 23 February 2023.

(X) Commitments

As at 30 June 2017, the Group had made capital commitments of approximately RMB19,471.6 million related to the expenditure in respect of future establishment and property development (31 December 2016: approximately RMB24,266.2 million).

(XI) Contingent liabilities

As at 30 June 2017, the Group provided guarantees of approximately RMB13,384.3 million (31 December 2016: approximately RMB9,806.2 million) in respect of the mortgage loans granted to purchasers of the properties of the Group by certain banks. 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 these guarantees is insignificant as the market value of the relevant mortgaged properties is no less than the payments in default to be settled by the Group.

(XII) Significant acquisition, disposal or investment

On 28 June 2017, 深圳市龍光東圳置業有限公司 (Shenzhen Logan Dongzhen Realty Co., Ltd.*) ("Shenzhen Dongzhen"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with 深圳平安大華匯通財富管理有限公司 (Shenzhen Pingan Dahua Huitong Wealth Management Company Limited*) ("Pingan Dahua"), pursuant to which Shenzhen Dongzhen agreed to acquire, and Pingan Dahua agreed to dispose in 10% equity interest of 惠州大亞灣東圳房地產有限公司 (Huizhou Daya Bay Dongzhen Property Co., Ltd.*) ("Huizhou Dongzhen"), a subsidiary of Shenzhen Dongzhen, at a total consideration of RMB4,038.6 million. Upon completion of the acquisition, Huizhou Dongzhen will become an indirect wholly-owned subsidiary of the Company.

Save as mentioned above, the Group did not have any other material acquisition, disposal and investment during the six-month period ended 30 June 2017.

* *The English translation of the names is for reference only. The official names of the entities are in Chinese.*

(XIII) Pledge of assets

As at 30 June 2017, the Group had pledged investment properties, other properties, inventories and pledged deposits of approximately RMB7,058.3 million to secure its borrowings (31 December 2016: RMB23,787.0 million).

(XIV) Foreign exchange risk

Most of the Group's businesses are denominated in Renminbi. Foreign exchange risk mainly arises from the outstanding foreign currency borrowings (mainly denominated in US dollars). In the first half of 2017, the Group did not hold any derivative for hedging purpose.

(XV) There was no significant events affecting the Group which have occurred since the end of the period ended 30 June 2017.

CORPORATE GOVERNANCE AND EMPLOYEE MOTIVATION

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

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

On 3 January 2017, the Company issued 5.75% senior notes due in 2022 ("2022 Notes") in the principal amount of US$200 million. The 2022 Notes are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). On 23 May 2017, the Company issued 5.25% senior notes due in 2023 ("2023 Notes") in the principal amount of US$450,000,000. The 2023 Notes have been admitted to the official list of the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 31 May 2017, the Company issued perpetual capital securities ("Perpetual Securities") in the principal amount of US$350,000,000. The Perpetual Securities have been admitted to the SGX-ST. On 19 June 2017, the Company redeemed an aggregate principal amount of US$300,000,000 of all of the outstanding 11.25% senior notes due 2019 at the redemption price equal to 105.625% of the principal amount thereof, being US$316,875,000, plus accrued and unpaid interest of US$1,406,250. The total redemption price paid by the Company was US$318,281,250.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

For the six-month period ended 30 June 2017, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the deviation from code provision A.2.1 which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of 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 AND REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed, with no disagreement, with the Company's management, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim condensed consolidated financial statements of the Group for the six-month period ended 30 June 2017.

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 standard set out in the Model Code during the six months ended 30 June 2017.

INTERIM DIVIDEND AND SPECIAL DIVIDEND

The Board declared an interim dividend (the "Interim Dividend") in cash of HK19 cents per share for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil) and an one-off special dividend (the "Special Dividend") in cash of HK3 cents per share, amounting to a total dividend of HK22 cents per Share.

The Interim Dividend and Special Dividend will be paid on or about Thursday, 30 November 2017 to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 6 November 2017.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who qualify for the Interim Dividend and Special Dividend, the register of members of the Company will be closed from Thursday, 2 November 2017 to Monday, 6 November 2017, both days inclusive. In order to qualify for the Interim Dividend and Special 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 Wednesday, 1 November 2017.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (http://www.loganestate.com) and The Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2017 containing all the information will be despatched to shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 10 August 2017

As at the date of this announcement, the executive Directors are Mr. Kei Hoi Pang, Mr. Ji Jiande, Mr. Xiao Xu, Mr. Lai Zhuobin and Mr. Chen Guanzhan; 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.