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 2016

2016 RESULTS HIGHLIGHTS

- Contracted sales increased by approximately 40.0% to RMB28,716.0 million.
- Revenue increased by approximately 40.9% to RMB20,538.8 million.
- Gross profit amounted to RMB6,559.8 million, representing a year-on-year increase of 48.1% and gross profit margin was 31.9%.
- Net profit for the year was RMB5,199.9 million, representing an increase of approximately 93.5% and net profit margin was 25.3%.
- Profit attributable to the equity shareholders of the Company was RMB4,487.7 million, representing an increase of 69.4% as compared with the corresponding period of previous year.
- Core Profit for the year (being profit for the year excluding changes in fair value of investment properties and derivative financial instruments and the relevant deferred tax) amounted to RMB3,106.7 million, representing a year-on-year increase of 57.4%; Core Profit margin was 15.1%.
- Basic earnings per share was RMB81.06 cents (approximately HK90.6 cents), representing an increase of 54.7% as compared with the corresponding period of previous year.
- The Board of Directors proposed to distribute a final dividend of HK22 cents per share and a special dividend of HK3 cents per share, amounted to a total dividend of HK25 cents per share for the year ended 31 December 2016. The payment of total dividend accounted for approximately 40% 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 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Notes	**2016** *RMB'000*	2015 *RMB'000*
Revenue	*3*	**20,538,838**	14,574,010
Cost of sales		**(13,979,010)**	(10,143,907)
Gross profit		**6,559,828**	4,430,103
Other revenue	*4(a)*	**423,523**	134,635
Other expenses	*4(b)*	**(196,327)**	(144,029)
Selling and marketing expenses		**(714,249)**	(573,138)
Administrative expenses		**(556,700)**	(587,839)
Net increase in fair value of investment properties		**2,681,903**	943,057
Net increase in fair value of derivative financial instruments		**81,720**	6,936
Share of profit of an associate		**31,723**	–
Share of losses of joint ventures		**(6,137)**	–
Profit from operations		**8,305,284**	4,209,725
Finance costs	*5(a)*	**(371,850)**	(36,215)
Profit before taxation	*5*	**7,933,434**	4,173,510
Income tax	*6*	**(2,733,551)**	(1,485,692)
Profit for the year		**5,199,883**	2,687,818
Attributable to:			
Equity shareholders of the Company		**4,487,736**	2,649,279
Non-controlling interests		**712,147**	38,539
Profit for the year		**5,199,883**	2,687,818
Earnings per share (RMB cents):			
– Basic	*8(a)*	**81.06**	52.41
– Diluted	*8(b)*	**80.82**	52.32

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016	2015
	RMB'000	*RMB'000*
Profit for the year	**5,199,883**	2,687,818
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that may be classified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of overseas entities	**(75,234)**	(94,268)
Total comprehensive income for the year	**5,124,649**	2,593,550
Attributable to:		
Equity shareholders of the Company	**4,412,502**	2,555,011
Non-controlling interests	**712,147**	38,539
Total comprehensive income for the year	**5,124,649**	2,593,550

There is no tax relating to the above component of other comprehensive income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
Non-current assets			
Investment properties	9	**11,890,879**	6,117,500
Other property, plant and equipment		**184,317**	165,622
		12,075,196	6,283,122
Deferred tax assets		**273,500**	385,210
Interest in an associate		**3,019,480**	–
Interests in joint ventures		**12,384,833**	–
Restricted and pledged deposits		**227,304**	343,065
		27,980,313	7,011,397
Current assets			
Inventories		**40,197,099**	28,198,344
Trade and other receivables and prepayments	10	**2,943,357**	10,025,722
Tax recoverable		**810,941**	402,045
Assets under cross-border guarantee arrangements	12	**–**	286,600
Restricted and pledged deposits		**1,010,172**	2,212,300
Cash and cash equivalents		**13,559,827**	8,635,258
		58,521,396	49,760,269
Current liabilities			
Trade and other payables	11	**23,919,327**	16,969,129
Liabilities under cross-border guarantee arrangements	12	**–**	286,600
Bank and other loans		**3,370,501**	4,044,885
Senior notes		**1,747,637**	–
Tax payable		**2,017,405**	1,320,647
		31,054,870	22,621,261
Net current assets		**27,466,526**	27,139,008
Total assets less current liabilities		**55,446,839**	34,150,405

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
Non-current liabilities			
Bank and other loans		**11,707,510**	7,117,037
Corporate bonds	*13*	**12,400,000**	5,000,000
Senior notes		**3,960,889**	3,588,720
Deferred tax liabilities		**1,627,094**	983,731
		29,695,493	16,689,488
NET ASSETS		**25,751,346**	17,460,917
CAPITAL AND RESERVES			
Share capital		**434,591**	439,821
Reserves		**18,992,258**	13,108,958
Total equity attributable to equity shareholders of the Company		**19,426,849**	13,548,779
Non-controlling interests		**6,324,497**	3,912,138
TOTAL EQUITY		**25,751,346**	17,460,917

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

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 under common control resulting from the Reorganisation 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 2016 comprise the equity of the Group and the Group's interest in an associate and joint ventures. The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2016 but are extracted from those financial statements.

These financial statements have been prepared in accordance with all relevant requirements of the 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 relevant 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 for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue represents income from sale of properties, rental income and construction income earned during the year, before deduction of business tax and discounts allowed and is analysed as follows:

	2016	2015
	RMB'000	*RMB'000*
Sale of properties	**21,104,999**	15,247,388
Rental income	**83,932**	71,748
Construction income	**212,105**	120,644
	21,401,036	15,439,780
Less: Business tax and other sales related taxes	**(862,198)**	(865,770)
	20,538,838	14,574,010

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products 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 2016

	Property development *RMB'000*	**Property leasing** *RMB'000*	**Construction contracts** *RMB'000*	**Total** *RMB'000*
Gross revenue from external customers	**21,104,999**	**83,932**	**212,105**	**21,401,036**
Less: Business tax and other sales related taxes	**(859,737)**	**(1,962)**	**(499)**	**(862,198)**
Net revenue from external customers	**20,245,262**	**81,970**	**211,606**	**20,538,838**
Inter-segment revenue	**–**	**11,023**	**4,197,558**	**4,208,581**
Reportable segment revenue	**20,245,262**	**92,993**	**4,409,164**	**24,747,419**
Reportable segment profit	**5,533,957**	**64,064**	**614,488**	**6,212,509**
Interest income				
– Cash at bank	**37,345**	**493**	**18,528**	**56,366**
– Amounts due from an associate and joint ventures	**–**	**–**	**13,501**	**13,501**
Finance costs	**(19,725)**	**–**	**(20,422)**	**(40,147)**
Depreciation	**(5,595)**	**(3,433)**	**(4)**	**(9,032)**
Net increase in fair value of investment properties	**–**	**2,681,903**	**–**	**2,681,903**

For the year ended 31 December 2015

	Property development *RMB'000*	Property leasing *RMB'000*	Construction contracts *RMB'000*	Total *RMB'000*
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
Reportable segment revenue	14,389,852	67,878	3,548,402	18,006,132
Reportable segment profit	3,613,418	62,112	362,563	4,038,093
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

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

	2016	2015
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**24,747,419**	18,006,132
Elimination of inter-segment revenue	**(4,208,581)**	(3,432,122)
Consolidated revenue	**20,538,838**	14,574,010
Profit		
Reportable segment profit	**6,212,509**	4,038,093
Elimination of inter-segment profit	**(631,645)**	(381,739)
Reportable segment profit derived from the Group's external customers	**5,580,864**	3,656,354
Other revenue and other expenses	**227,196**	(9,394)
Depreciation	**(37,265)**	(22,844)
Finance costs	**(371,850)**	(36,215)
Share of profit of an associate	**31,723**	–
Share of losses of joint ventures	**(6,137)**	–
Net increase in fair value of investment properties	**2,681,903**	943,057
Net increase in fair value of derivative financial instruments	**81,720**	6,936
Unallocated head office and corporate expenses	**(254,720)**	(364,384)
Consolidated profit before taxation	**7,933,434**	4,173,510

(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 EXPENSES

(a) Other revenue

	2016	2015
	RMB'000	*RMB'000*
Interest income		
– Cash at bank	**133,881**	93,070
– Amounts due from an associate and joint ventures	**256,787**	–
Government subsidies	**5,927**	18,589
Forfeited deposits	**18,374**	19,271
Others	**8,554**	3,705
	423,523	134,635

(b) Other expenses

	2016	2015
	RMB'000	*RMB'000*
Donations	**(125,533)**	–
Net foreign exchange loss	**(70,928)**	(141,756)
Net gain on disposal of property, plant and equipment	**181**	175
Net gain on disposal of subsidiaries	**878**	–
Others	**(925)**	(2,448)
	(196,327)	(144,029)

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2016	2015
	RMB'000	*RMB'000*
Interest on bank and other loans and other borrowing costs	**903,430**	1,132,760
Interest on senior notes	**532,329**	368,715
Interest on corporate bonds	**482,294**	90,570
	1,918,053	1,592,045
Less: Amount capitalised *(note)*	**(1,546,203)**	(1,555,830)
	371,850	36,215

Note: The borrowing costs have been capitalised at rates ranging from 3.3% to 12.0% (2015: 2.8% to 13.0%) per annum for the year.

(b) Staff costs

	2016	2015
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**615,645**	477,028
Contributions to defined contribution retirement plans	**38,682**	25,591
Equity-settled share-based payment transactions	**23,731**	49,842
	678,058	552,461
Less: Amount capitalised	**(260,183)**	(94,758)
	417,875	457,703

(c) Other items

	2016	2015
	RMB'000	*RMB'000*
Depreciation	**50,087**	33,969
Less: Amount capitalised	**(12,822)**	(11,125)
	37,265	22,844
Rentals receivable from investment properties	**(81,970)**	(67,878)
Cost of properties sold	**13,812,693**	10,013,952
Cost of construction	**165,814**	117,317
Auditors' remuneration		
– Audit services	**4,180**	1,882
– Non-audit services	**2,118**	522
Operating lease charges: minimum lease payments for land and buildings	**10,805**	11,605

6 INCOME TAX

	2016	2015
	RMB'000	*RMB'000*
Current tax		
Provision for the PRC Corporate Income Tax (the "**CIT**") for the year	**1,212,341**	771,588
CIT over-provision in prior years	**(21,459)**	–
Provision for the Land Appreciation Tax (the "**LAT**") for the year	**971,606**	563,020
	2,162,488	1,334,608
Deferred tax		
Origination and reversal of temporary differences	**571,063**	151,084
	2,733,551	1,485,692

(i) Pursuant to the rules and regulations of the British Virgin Islands ("**BVI**") and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

(ii) No provision for the Hong Kong Profits Tax was made as the Group has no assessable profits earned in or derived from Hong Kong for the year.

(iii) Effective from 1 January 2008, under the CIT Law of the PRC, the PRC's statutory income tax rate is 25%. The Group's PRC subsidiaries are subject to the PRC's 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 leases charges of land use right, borrowing costs and all qualified property development expenditures.

7 DIVIDEND

	2016	2015
	RMB'000	*RMB'000*
Proposed final dividend and special dividend – HK22 cents and HK3 cents respectively (equivalent to approximately RMB20 cents and RMB3 cents respectively) per share (2015: HK14 cents and HK Nil cents (equivalent to approximately RMB12 cents and HK Nil cents) per share)	**1,229,115**	653,138

The proposed final dividend declared to shareholders of the Company in 2016 is subject to approval at the AGM. The 2016 final dividend proposed to be declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2016 is based on the profit attributable to equity shareholders of the Company of RMB4,487,736,000 (2015: RMB2,649,279,000) and the weighted average number of 5,536,242,000 shares (2015: 5,054,992,000 shares) in issue during the year ended 31 December 2016 as follows:

	2016	2015
	'000	*'000*
Weighted average number of shares		
Issued shares at 1 January	**5,557,554**	5,000,000
Effect of issue of shares	**–**	54,992
Effect of repurchase and cancellation	**(21,312)**	–
Weighted average number of shares at 31 December	**5,536,242**	5,054,992

(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 RMB4,487,736,000 (2015: RMB2,649,279,000) and the weighted average number of shares of 5,553,076,000 shares (2015: 5,063,879,000 shares) as follows:

	2016	2015
	'000	*'000*
Weighted average number of shares (diluted)		
Weighted average number of shares at 31 December	**5,536,242**	5,054,992
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**16,834**	8,887
Weighted average number of shares (diluted) at 31 December	**5,553,076**	5,063,879

9 INVESTMENT PROPERTIES

All of the Group's investment properties and investment properties under development were revalued as at 31 December 2015 and 2016. 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. The Group's management have discussed with the surveyors on the valuation assumptions and valuation results when the valuations are performed at each interim and annual reporting date.

During the year, the net increase in fair value of investment properties and investment properties under development was RMB2,681,903,000 (2015: RMB943,057,000), and the additions in investment properties and investment properties under development were RMB621,372,000 (2015: RMB296,754,000). During the year, inventories transferred to investment properties and investment properties under development were RMB2,486,109,000 (2015: RMB216,183,000).

10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2016	2015
	RMB'000	*RMB'000*
Trade receivables *(note (i))*	**129,292**	96,181
Prepayments and other receivables	**1,742,443**	1,291,029
Land deposits *(note (v))*	**725,620**	8,348,721
Amounts due from related companies *(note (vi))*	**140,944**	166,811
Amount due from a non-controlling shareholder *(note (vi))*	**14**	86,288
Amount due from an associate *(note (vii))*	**14,320**	–
Amounts due from joint ventures *(note (vii))*	**55,563**	–
Derivative financial instruments:		
– senior notes redemption call options	**135,161**	36,692
	2,943,357	10,025,722

Notes:

(i) As at the end of the reporting period, the ages of trade receivables (net of allowance for doubtful debts), based on the invoice date, were as follows:

	2016	2015
	RMB'000	*RMB'000*
Current or less than 1 month overdue	**94,273**	61,207
More than 1 month overdue and up to 3 months overdue	**149**	3
More than 3 months overdue and up to 6 months overdue	**5,064**	–
More than 6 months overdue and up to 1 year overdue	**11,272**	25,187
More than 1 year overdue	**18,534**	9,784
	129,292	96,181

(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, the 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 sales of properties and receivables from construction contracts, which enable the management to assess their recoverability and to minimize the 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 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 those pieces of land. During the year ended 31 December 2016, the acquisition of three out of those pieces of the land was completed and respective land use right certificates were obtained.

During the year ended 31 December 2016, the Group entered into three land grant contracts for acquisition of the land in the PRC and as at 31 December 2016, a total consideration of RMB725,620,000 was paid and recognised as deposit for the acquisition of the land.

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

(vii) The amounts due from an associate and joint ventures as at 31 December 2016 are unsecured, interest-free and expected to be recovered within one year.

11 TRADE AND OTHER PAYABLES

	2016	2015
	RMB'000	*RMB'000*
Trade payables *(note (i))*	**4,675,389**	4,046,221
Other payables and accrued charges	**1,241,533**	498,071
Customer deposits received	**12,368**	112,677
Rental and other deposits received	**99,511**	9,851
Receipts in advance	**16,049,478**	11,008,496
Amounts due to related companies *(note (ii))*	**497,488**	12
Amounts due to joint ventures *(note (iii))*	**1,343,560**	–
Non-interest bearing payable to a financial institution *(note (iv))*	**–**	1,293,801
	23,919,327	16,969,129

Notes:

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

	2016	2015
	RMB'000	*RMB'000*
Within 1 month or repayable on demand	**2,866,163**	2,274,297
More than 1 month but within 3 months	**269,849**	351,249
More than 3 months but within 6 months	**391,516**	464,546
More than 6 months but within 1 year	**392,494**	628,771
More than 1 year	**755,367**	327,358
	4,675,389	4,046,221

(ii) The amount due to related companies is unsecured, interest-free, and repayable on demand.

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

(iv) The non-interest bearing payable to a financial institution at 31 December 2015 was interest-free, secured by a pledged deposit of RMB1,300,000,000 and fully repaid in 2016.

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 issue 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% (2015: 2%) per annum of the total funds advanced. The pledge of the Hong Kong funds deposited with such financial institutions had been released upon the settlement of the advances in 2016, detailed as follows:

	2016	2015
	RMB'000	*RMB'000*
Assets under cross-border guarantee arrangements		
– included as current assets	**–**	286,600
Liabilities under cross-border guarantee arrangements		
– included as current liabilities	**–**	(286,600)
	–	–

13 CORPORATE BONDS

On 19 August 2015 and 27 August 2015 respectively, 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, issued domestic corporate bonds 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 domestic corporate bonds were 5 years and 4 years. At the end of third year and second year, Shenzhen Logan shall be entitled to adjust the coupon rate of first and second domestic corporate bonds respectively and the bond holders shall be entitled to sell back the bonds.

On 13 January 2016 and 16 May 2016 respectively, Shenzhen Logan issued non-public domestic corporate bonds on Shanghai Stock Exchange. The coupon rates of the first and second tranche with a principal amount of RMB2,500,000,000 and RMB500,000,000 were fixed at 5.8% per annum and 5.2% per annum respectively. The terms of the first and second domestic corporate bonds were 3 years and 4 years. At the end of second year, Shenzhen Logan shall be entitled to adjust the coupon rate of first and second domestic corporate bonds respectively and the bond holders shall be entitled to sell back the bonds.

On 25 July 2016, Shenzhen Logan issued non-public domestic corporate bonds on Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB3,000,000,000 was 5.15% per annum. The terms of the domestic corporate bonds were 5 years. At the end of third year, Shenzhen Logan shall be entitled to adjust the coupon rate of domestic corporate bonds and bond holders shall be entitled to sell back the bonds.

On 21 October 2016, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of 1,400,000,000 was 3.4% per annum. The terms of the domestic corporate bonds were 5 years. At the end of third year, Shenzhen Logan shall be entitled to adjust the coupon rate of domestic corporate bonds and bond holders shall be entitled to sell back the bonds.

14 INVESTMENTS IN SUBSIDIARIES

Based on the corporative intention of the Group, two subsidiaries of the Group, Shenzhen Logan Junjing and Huizhou Dongzhen, entered into the agreements and supplementary agreements of cooperation framework, capital contribution agreements, the equity forward repurchase agreement (the Project Cooperation Agreements) with Pingan Dahua, pursuant to which Pingan Dahua has made capital contributions to Shenzhen Logan Junjing and Huizhou Dongzhen and has revised the business registration information. As at 31 December 2016, Pingan Dahua contributed a total of RMB4,800,000,000 and RMB3,960,000,000 to Shenzhen Logan Junjing and Huizhou Dongzhen respectively (2015: RMB2,800,000,000 and RMB Nil, respectively) and the Group has accounted the contribution made by Pingan Dahua as the amount of other reserves within controlling shareholders' interests and non-controlling interests.

The Project Cooperation Agreement has specified that Shenzhen Logan Junjing and Huizhou Dongzhen have the option to repurchase with preemption the part or all of the equity held by Pingan Dahua. If Shenzhen Logan Junjing and Huizhou Dongzhen do not exercise the options, Pingan Dahua can transfer the equity to third party. Besides that, the Project Cooperation Agreements have also specified that Shenzhen Logan Junjing and Huizhou Dongzhen should repurchase the equity from Pingan Dahua in no later than 2 or 3 years respectively. If Shenzhen Logan Junjing and Huizhou Dongzhen exercise the preemption rights, then the obligation of repurchase will not be triggered. The Group believe that the arrangement was an arm's length commercial decision as well as common market practice. Also the Group is probable and able to exercise its preemption rights.

As there are unclear terms existed in the agreement, the Group has reaffirmed the commercial substance with Pingan Dahua. And the Group has engaged two reputable PRC law firms to express their opinion reaffirming the arrangement was an equity investments.

The Group believe that, based on the Project Cooperation Agreements signed off between the Group and Pingan Dahua and the rights and obligations of both sides stipulated in the agreements, the capital contributions made by Pingan Dahua to Shenzhen Logan Junjing and Huizhou Dongzhen can be accounted for as equity investments on both accounting and legal treatments, thus the Group has disclosed the capital contributions made by Pingan Dahua as non-controlling interest and other reserves and the accounting for these transactions as equity transactions has been consistent with the requirement of the Group's accounting policies.

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 2016.

Introduction

For the year ended at 31 December 2016, the Group achieved a contract sales of approximately RMB28.7 billion, representing an increase of approximately 40.0% as compared with the previous year, and a GFA of contracted sales of 2,298,000 sq.m., which exceeded the increased sales target of the Group for the year. Under the economic stabilizing measures implemented by the central government and the increasingly competitive real estate industry in China, the Group achieved a satisfactory result in the year 2016, and continued to maintain a relatively high profitability. Revenue for the year amounted to RMB20,538.8 million, representing an increase of approximately 40.9% as compared with last year. For the year of 2016, gross profit amounted to RMB6,559.8 million, and the gross profit margin was 31.9%, representing an increase of 1.5 percentage points as compared with that of last year. Profit attributable to equity shareholders amounted to RMB4,487.7 million, representing a significant increase of approximately 69.4% as compared with the previous year. Core profit of the Group, being profit for the year excluding changes in fair value of investment properties and derivative financial instruments and the relevant deferred tax (hereinafter, the "**Core Profit**") amounted to approximately RMB3,106.7 million, representing an increase of approximately 57.4% as compared with the previous year. Core Profit margin was 15.1%, representing a further year-on-year increase of 1.6 percentage points.

During the year under review, Logan Property actively seized the market momentum. With its insight in the industry, precise strategy on land bank distribution, and brilliant performance, the Company continued to strengthen its leading position in the market, and is being highly recognized by industry players and the capital market, undoubtedly a harvesting year for the Group. On 16 March 2017, the Group was selected as the China Top 100 Real Estate Developers (中國房地產百強企業) jointly announced by 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) for the seventh consecutive years, with its ranking moving up from 38th in 2015 to 29th in 2017. The Group also ranked the 4th in lace in the "Top 10 by Profitability in 2017". For the capital market, Logan Property was reinstated with its rating by Moody's and Fitch, both are international authorized rating agency, of Ba3 and BB–, respectively, suggesting a stable outlook. The credit rating for 深圳市龍光控股有限公司 (Shenzhen Logan Holdings Co., Ltd.*), the principal domestic operating subsidiary of the Group, was adjusted upward to AA+ by 聯合信用評級有限公司 (United Credit Rating Co., Ltd.*). In Hong Kong, the Group gained a number of recognition by several well-known financial organizations and media, such as the "The Listing Enterprise Award" (上市企業大獎) by Bloomberg Businessweek/Chinese Edition, an Asian famous finance magazine in their first "Listed Enterprises Annual Award 2016", as well as "Outstanding Listing Companies Award 2016" (2016年上市公司年度大獎) presented by The Hong Kong Institute of Financial Analysts and Professional Commentators Limited. It fully signified the recognition and acknowledgement to the capabilities and prospects of Logan Properties by the international capital market and Hong Kong financial industry. At the end of the year 2016, with the successful launch of the "Shenzhen-Hong Kong Stock Connect" (深港通) which was highly expected by the investor community, Logan Property was successfully included in the exchange-traded stocks under such scheme. Upon which, stocks of the Company become the eligible Hong Kong stocks available for investment under both Shenzhen-Hong Kong Stock Connect (深港通) and Shanghai-Hong Kong Stock Connect (滬港通). It was also awarded the two prizes of the "Most Valuable Domestic Real Estate Stock Company" (最具價值內房股公司) and the "Management Listing Company with the Best Market Capitalization" (最佳市值管理上市公司) in the "2016 Golden Hong Kong Shares Section" (2016金港股評選) jointly organized by Zhitongcaijing (智通財經) and Hithink Flush (同花順).

Business Review

In 2016, global political situation was full of changes. The Brexit, the successful election of President Donald Trump as president for the United States, and the regional politics between Russia and the Middle East, have all added to the uncertainties for the global economy. Nevertheless, with the stable economic growth in China with a GDP reaching 6.7%, the central government continued to implement the refined reformation in economic structure. In respect of the China real estate market, according to the data published by the National Bureau of Statistics, in 2016, the accumulative saleable GFA of commodity houses and the accumulative saleable amounts had a year-on-year increase of approximately 22.5% and approximately 34.8%, respectively. Although the transaction volume has reached a new high for the year, and the property prices have continued to go up, urban segregation continued. Under the transition from a more relaxed real estate policies to the continuous policy tightening in major cities, with local adjustment taking over the features of the "different policies for different cities" policy, people are encouraged to purchase houses for self-occupation, more attention has been paid on discouraging the demands in investment and speculation, so as to prevent the bubble risks and the excessive fluctuation in the market. On one hand, the control and adjustment policies continue to tighten up in major cities, the requirement on limitation of house purchase and loans and other regulatory measures are increasingly strictened, so as to suppress speculative demand and prevent market risks. On the other hand, the strategy of getting rid of the inventory is still followed by third- and fourth-tier cities to improve the market environment from both supply and demand. Therefore, the property price increased significantly for the first three quarters. According to the study information of full samples size of 100 cities by China Real Estate Index System, the residence price in those 100 cities increased by 17.83% from January to November 2016, representing an increase of 13.68% as compared to 2015, reaching a new record high in recent years, and the prices tended to become stable after the tightening up of the control and adjustment. The central government has strengthened the systematic development of the real estate industry in a long run by integrating region, proceeding new urbanization, and building up a better environment for the positive development of the industry.

During the year under review, the Group continued to focus largely on projects targeting upgraders and first-time homebuyers and catering to inelastic demand in order to fully grasp the strong growth before the control and adjustment. Over the past year, the urban segregation in the China real estate industry and the segregation among companies continued to intensify. The property market in Shenzhen continued to exceed the other cities in China. With its insights and capability over the market, the Group effectively grasped the opportunities in the market brought from the “different cities, different policies” in order to cope with pace of property launch in response to market development. It enabled the realization of rapid growth of sales performance for a number of projects of the Group. The quick turnover of the projects also ensured rapid cash returns to the Group. During the year under review, “Logan City” and “Acesite Mansion”, the flagship projects of the Group, made significant contribution to the sales growth of the whole year. As a national major project with an aggregate GFA of 5 million sq.m., Logan City ranked number nine in the total transaction volume in China in 2016. It has made this project continue to maintain its strong sales momentum for consecutive years in the highly competitive of the Greater Shenzhen region. It has become a benchmark project in the industry, showing the strong development and operations ability of Logan Property.

In terms of strategies, the Group has mainly considered the key factors such as regional industry development, net inflow trend of population and the demand-supply relationship. Based on the foregoing, the Company decided to spend more efforts in Shenzhen and the Pearl River Delta Metropolitan Region under its influence, especially the cities with significant developmental potentials such as, Zhuhai, Foshan and Zhongshan. The Group also precisely developed many of its properties along metro stations. A number of projects of the Group in Shenzhen are currently situated along the metro stations, representing substantial potential for appreciation. During the year under review, the Group successfully bidded for five land parcels through public tendering in open market, including key cities of Shenzhen and the Zhuhai regions, continuing to replenish its quality land resources. The Group is also continuing to identify premium lands in the strategic region of Pearl River Delta, in order to prepare for the key cities in the radiation and development of the major cities. As the competition of the primary land market is getting fierce, the Group is exploring more diversified land acquisition channels. At present, the Group has participated a preliminary works for urban renewal projects in Shenzhen and a number of other cities in Pearl River Delta, providing the Group with sufficient and cost-efficient lands in the medium to long rum. As at 31 December 2016, the total GFA of the Group’s land reserve was 14.09 million sq.m., which is expected to meet the development requirement of the Group at least for the next five to six years. Out of which, land reserves in Shenzhen attributed approximately 40% of the Group’s total land reserves, which is expected to continue to inject strong momentum into the Group’s sales growth.

In terms of financial management, the Group continues to practice its prudent financial strategy, laying a foundation for the Group’s steady development and profitability through diversified domestic and overseas financing channels, gradually lowering financing costs and optimizing the debt structure. As at 31 December 2016, the Group had cash and bank balances (including restricted and pledged deposits) of approximately RMB14,797.3 million (2015: RMB11,190.6 million), and a net debt-to-equity ratio of approximately 71.4% (2015: 58.4%). During the year under review, the average borrowing cost of the Group was 6.1% (2015: 6.8%). During the year under review, the Group issued three non-public domestic corporate bonds and one public domestic corporate bond with a total issue size of RMB7.4 billion at coupon rates ranging from 3.4% to 5.8%, raising funds at a lower financing cost to support the continuous development of the Group’s businesses. In January 2017, the Group successfully issued overseas senior notes with an issue size of USD200 million for a term of five years and at a coupon rate of 5.75% per annum. Such interest rate was further lowered than the previous issue of US dollar note, providing the Group with sufficient funds at a lower financing costs. The Group will continue to broaden its financing channels, lowering its financing costs, continually strengthening the overall financial capability for the Group’s long-term development.

Prospects

The Central Economic Work Conference held in Beijing in mid-December has set the overall direction for a stabilized yet aggressive economy in 2017. The financial policies will become more active and effective, with an objective to deepen the supply-side reform and focus on revitalizing the real economy. The adjustment and control policies introduced by the governments at all levels in the fourth quarter of 2016 have been effective and effectively affected the market expectations and integrated industries and is expected to lead the smooth development of the real estate market as a whole.

PRC's Premier Li Keqiang made it clear for the first time in his Report on the Work of the Central Government in 2017 that the development plan for the cities in the greater bay area of Guangdong, Hong Kong and Macao has been formulated, and is committed to the development of Guangdong-Hong Kong-Macao Greater Bay Area (featuring Hong Kong and Macau) and world-class city cluster that includes the nine cities in the Pearl River Delta (Guangzhou, Shenzhen, Foshan, Dongguan, Zhongshan, Zhuhai, Huizhou, Jiangmen, Zhaoqing), and integrate the plan into a part of the national overall strategic development. These areas will be planned in synchronicity and developed into an important driving force for national economic upgrading and restructuring, the supporting region for the "One Belt, One Road" development strategy, the world's major science and technology industry innovation center, as well as the international competitive modern industry pilot area and national green development demonstration area. The central government has planned that Guangdong-Hong Kong-Macao Greater Bay Area will bring together the capital, logistics, technology and talents from the cities around the country to achieve complementary resources and capacity to attract investment and economic activities. It is expected to bring huge economic benefits to China and the Guangdong-Hong Kong-Macao region, and enhance the influence of the metropolitan area and the region. It is expected that the overall GDP of Guangdong-Hong Kong-Macao Greater Bay Area will be comparable to or even beyond the well-known Bay Area in the world and establish itself as one of the world's leading bay area, which would even be comparable to the New York Bay Area and the Tokyo Bay Area. It is expected that the plan will be carried out this year. The market believes that the overall construction prospects of the Greater Bay Area is positive and it will bring huge opportunities for the development of the Guangdong-Hong Kong-Macao region. Of which, driven by the core cities such as Shenzhen and Hong Kong, it is expected that the prime lands such as Zhuhai, Zhongshan and Foshan in the region will become more important transportation hubs and their development potentials are limitless.

The Group has always been deeply rooted in the Pearl River Delta region. The prospective strategic deployment and industry vision coincides with the central government's planning and development of the Greater Bay Area. It is expected that the promotion of relevant policies will further promote the land value and housing prices in the Guangdong-Hong Kong-Macao region. With the Group's solid foundation at the core area, the cumulated branding effect, and the huge value of the land and its projects, the Group will be able to seize the opportunity to tap into the high-speed development and integration of the market opportunities of Greater Bay Area economy system, enhance the overall strength, fully shows the Group's superior insights on development and planning.

To cope with the development advantages of the Greater Bay Area, Hong Kong and Shenzhen will definitely play a more important leading role. In the future, the Group will continue to deploy its prospective plan of Guangdong-Hong Kong-Macao Greater Bay Area to increase the investment in the area, especially focusing on the development in the prime land in Zhuhai, Zhongshan and Foshan, where the Group has established its presence. On the other hand, the Group extends its profound experience gained from developing first-tier cities to the area within a radius of one hour of metro lines in Shenzhen, and also to those core areas such as the Greater Bay Area, Yangtze River Delta and Beijing-Tianjin-Hebei region.

In addition, the Group successfully bid a rare and high-quality land parcel in Lee Nam Road, Ap Lei Chau for large-scale residential use in Hong Kong in collaboration with KWG Property Holding Limited in early 2017. Through allocating overseas assets in Hong Kong to hedge foreign exchange risk effectively, and diversify the land bank portfolio and increase profit margin, all of them could prove the Group's insights into the market trends. The Group will continue to focus on the areas that are suitable for investment and development in Hong Kong, Macau and overseas, to gradually form the new layout of simultaneous development in domestic and overseas.

The Group will continue to launch the projects along Shenzhen's subway lines in the year, which includes "Logan•Jiuzuan" (龍光•玖鑽) project, erected on the Hongshan subway station in the centre of north Shenzhen; "龍光•玖雲著" at the Pingshan High Speed Rail Station; and "龍光•玖龍臺" in Guangmíng High Speed Rail Station. Therefore, the Group is able to capture the market demand and consolidate the leading position of Logan Property in the Shenzhen market. The Group believes that the development concept of Greater Bay Area will effectively expand its room and depth for future development.

In the future, the Group will continue to identify quality assets in oversea markets, and also continue to life up the values, such as the design and quality of the projects to further strengthen the Group's market competitiveness and penetration. The Group will also adjust its sales and development strategies in a timely manner in response to the supply and demand of the market, so as to increase the brand influence of Logan Property and consolidate its leading position in the industry.

Acknowledgments

On behalf of the Board, I hereby express my heartfelt gratitude to all shareholders, investors, partners, customers, and community for their support and trust. In the past year, thanks to the guidance given from the management of the Company, together with the efforts and contributions from all staff, the Group managed to move forward with courage and implement its strategies wisely. Stepping over two decades, it signifies a new milestone for the Company. In the future, the Company will unite together and share the same vision, creating a higher return for all of its shareholders.

Kei Hoi Pang
Chairman

Hong Kong
30 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

Performance Highlights

	2016	2015	Changes
	RMB'000	*RMB'000*	%
Revenue[1]	**21,401,036**	15,439,780	38.6%
Among which: Sales of properties			
– Income from properties delivered	**21,104,999**	15,247,388	38.4%
– GFA[2] of properties delivered *(sq.m.)*	**1,859,412**	2,240,698	-17.0%
– ASP[2] of properties delivered *(RMB)*	**10,810**	6,576	64.4%
Rental income	**83,932**	71,748	17.0%
Construction income	**212,105**	120,644	75.8%
Gross profit	**6,559,828**	4,430,103	48.1%
Profit for the year			
– Attributable to equity shareholders	**4,487,736**	2,649,279	69.4%
– Attributable to non-controlling shareholders	**712,147**	38,539	1,747.9%
Profit for the year (excluding changes in fair value of investment properties and derivatives and deferred tax)	**3,106,736**	1,973,589	57.4%
– Attributable to equity shareholders	**3,056,915**	1,935,312	58.0%
– Attributable to non-controlling shareholders	**49,821**	38,277	30.2%
Total assets	**86,501,709**	56,771,666	52.4%
Cash and bank balances (including cash and cash equivalents and restricted and pledged deposits)	**14,797,303**	11,190,623	32.2%
Total bank and other borrowings[3]	**33,186,537**	21,044,444	57.7%
Total equity	**25,751,346**	17,460,917	47.5%
Total equity attributable to equity shareholders	**19,426,849**	13,548,779	43.4%

Key financial ratios

Gross profit margin[(1)]	**31.9%**	30.4%
Core profit margin[(2)]	**15.1%**	13.5%
Net debt-to-equity ratio[(3)]	**71.4%**	58.4%
Liability to asset ratio[(4)]	**70.2%**	69.2%

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 to a financial institution

(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 borrowings – cash and cash equivalents – restricted and pledged deposits) ÷ total equity * 100%
(4) Liability to asset ratio: Total liabilities ÷ total assets * 100%

Property Development

Contracted sales

In 2016, the Company continued to focus on Shenzhen region as its core development strategy. The Logan City (龍光城) and Acesite Mansion (玖龍璽) projects in Shenzhen Region contributed RMB12.45 billion for the year. For the year 2017, the Company will launch more projects in the Shenzhen market, and it is expected that the Company will be able to achieve remarkable results in its revenue and earnings in the coming few years.

During the year ended 31 December 2016, the Group recorded contracted sales of approximately RMB28,716.0 million, representing an increase of approximately 40.0% as compared with RMB20,510.0 million in 2015. Shenzhen Region, other regions of Pearl River Delta, Shantou region, Nanning region and other regions accounted for approximately 44.1%, 16.2%, 22.9%, 11.4% and 5.4% of the Group's contracted sales in 2016, respectively.

	Summary of contracted sales in 2016				
	Amount	**Percentage**	**GFA[1]**	**Percentage**	**ASP[1]**
	(RMB million)		*(sq.m.)*		*(RMB per sq.m.)*
Shenzhen region	12,664	44.1%	599,026	26.1%	21,077
Other regions of Pearl River Delta	4,651	16.2%	383,681	16.7%	11,141
Shantou region	6,590	22.9%	635,787	27.7%	9,099
Nanning region	3,268	11.4%	467,451	20.3%	6,575
Other regions	1,543	5.4%	212,257	9.2%	7,172
Total	28,716	100.0%	2,298,202	100.0%	11,870

Revenue from sales of properties

During the year ended 31 December 2016, revenue from sales of properties amounted to approximately RMB21,105.0 million, representing an increase of approximately 38.4% as compared with RMB15,247.4 million in 2015, and accounted for approximately 98.6% of the Group's total revenue. GFA delivered (excluding car parking spaces) decreased by approximately 17% to 1,859,412 sq.m. during the year 2016 from 2,240,698 sq.m. for the year 2015. 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 2016, accounting for approximately 45.1%, 13.7%, 22.4%, 15.8% and 3.0%, respectively.

1. Excluding the car parking portion

	Revenue from sale of properties in 2016				
	Amount[1]	Percentage	GFA[2]	Percentage	ASP[2]
	(RMB million)		*(sq.m.)*		*(RMB per sq.m.)*
Shenzhen region	9,515	45.1%	294,340	15.8%	32,241
Other regions of Pearl River Delta	2,895	13.7%	367,943	19.8%	6,895
Shantou region	4,726	22.4%	577,927	31.1%	7,421
Nanning region	3,335	15.8%	518,324	27.9%	6,113
Other regions	634	3.0%	100,878	5.4%	6,102
Total	21,105	100.0%	1,859,412	100.0%	10,810

Newly developed projects

As at 31 December 2016, the Group commenced construction of a total of 13 projects or new project phases, with a total planned GFA of approximately 3,559,685 sq.m.

Developing projects

As at 31 December 2016, the Group had a total of 21 projects or project phases under construction, with a total GFA of approximately 4,809,251 sq.m.

Land reserves

In 2016, the Group acquired five new projects through public tendering, auction and listing with a total GFA of 1,966,413 sq.m..

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

2. Excluding the car parking portion

List of newly acquired projects through public tendering, auction and listing in 2016

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)*	Average land cost
1	Zhuhai	Project in West Lake Branch, Jinwan District 金灣區西湖片區項目	2016.01.28	100%	49,468	198,000	148,403	997	6,718
2	Foshan	Dafu Village Project – Southern land 大富村項目－南地塊	2016.03.25	100%	81,468	322,342	244,376	1,123	4,595
3	Shenzhen	Guangming Project 光明項目	2016.06.08	50%	152,442	720,000	511,140	14,060	27,507
4	Nanning	Jinyang Road Project 金陽路項目	2016.08.10	100%	56,999	382,020	273,750	958	3,498
5	Shantou	東海岸E組團	2016.12.28	100%	97,915	344,051	244,788	1,914	7,819
			Total for the year		438,292	1,966,413	1,422,457	19,052	13,394

As at 31 December 2016, the total GFA of the land reserve of the Group amounted to approximately 14,090,556 sq.m., the average cost of land reserve was RMB3,384 per sq.m., and over 74% of its investment was made in the Shenzhen region.

Property Investments

Rental income

As at 31 December 2016, the rental income of the Group amounted to RMB83.9 million, representing an increase of approximately 17.0%, and accounted for approximately 0.4% of the Group's total revenue.

Investment properties

As at 31 December 2016, the Group had 22 investment properties with a total GFA of approximately 460,554 sq.m.. As at 31 December 2016, the 16 investment properties were completed.

Financial Review

(I) Revenue[1]

Revenue of the Group for the year ended 31 December 2016 increased to RMB21,401.0 million by approximately RMB5,961.2 million, or approximately 38.6%, as compared with 2015, primarily due to the increase of approximately 38.4% 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 2016 amounted to approximately RMB21,105.0 million, RMB83.9 million and RMB212.1 million (2015: approximately RMB15,247.4 million, RMB71.7 million and RMB120.6 million, respectively), respectively.

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

	2016		2015	
Project name	**Area[2] *(sq.m.)***	**Amount[3] *(RMB'000)***	Area[2] *(sq.m.)*	Amount[3] *(RMB'000)*
Logan City (龍光城)	**143,479**	**1,635,772**	792,605	4,937,002
Huizhou Sky Palace (惠州天悅龍庭)	**6,018**	**42,892**	93,444	393,011
Huizhou Grand Riverside Bay (惠州水悅龍灣)	**16,981**	**140,408**	196,572	1,244,310
Shantou Seaward Sunshine (汕頭尚海陽光)	**29,959**	**367,643**	21,399	356,562
Shantou Sunshine Castle (汕頭陽光華府)	**–**	**408**	–	2,148
Shantou Flying Dragon Garden (汕頭龍騰熙園)	**–**	**5,674**	–	6,270
Shantou Logan Flying Dragon Landscape (汕頭龍騰嘉園)	**295,500**	**1,838,713**	163,472	853,925
Shantou Royal Sea Sunshine (汕頭御海陽光)	**252,468**	**2,513,094**	–	–
Foshan Grand Riverside Bay (佛山水悅龍灣)	**109,837**	**757,659**	52,682	389,312
Foshan Joy Palace (佛山君悅龍庭)	**24,373**	**259,404**	166,420	1,115,694
Foshan Grand View (佛山水悅雲天)	**–**	**–**	1,956	15,783
Foshan Grand Joy Castle (佛山君悅華府)	**1,417**	**61,343**	59,756	590,127
Foshan Shin Street Building (佛山尚街大廈)	**19,495**	**226,950**	29,526	243,621
Foshan Grand Garden (佛山水悅熙園)	**48,631**	**333,531**	–	–
Zhongshan Ocean Grange (中山海悅熙園)	**907**	**12,499**	1,913	35,447
Zhongshan Grand Garden (中山水悅熙園)	**4,153**	**47,608**	18,484	136,731

Project name	2016 Area[2] (sq.m.)	2016 Amount[3] (RMB'000)	2015 Area[2] (sq.m.)	2015 Amount[3] (RMB'000)
Zhongshan Grasse Vieille Ville (中山海悦城邦)	**–**	**–**	–	2,796
Zhongshan Ocean Vista Residence (中山海悦華庭)	**3,588**	**80,262**	141,298	1,200,522
Zhuhai Easy Life (珠海海悦雲天)	**–**	**1,818**	–	10,331
Zhongshan Grand Joy Garden (中山水悦馨園)	**145,610**	**927,587**	–	–
Dongguan Imperial Summit Sky Villa (東莞君御旗峰)	**11,182**	**136,114**	39,246	405,413
Dongguan Royal Castle (東莞君御華府)	**288**	**5,477**	58,409	449,218
Guangzhou Palm Waterfront (廣州棕櫚水岸)	**7,733**	**160,546**	8,722	124,662
Guangzhou Landscape Residence (廣州峰景華庭)	**2,201**	**25,966**	–	11,362
Shenzhen Sky Palace (深圳天悦龍庭)	**–**	**–**	–	535
Shenzhen Grand Joy Palace (深圳君悦龍庭)	**–**	**–**	–	73
Acesite Mansion (深圳玖龍璽)	**116,392**	**7,554,276**	–	–
Nanning Provence (南寧普羅旺斯)	**95,504**	**751,377**	73,344	667,269
Nanning Grand Riverside Bay (南寧水悦龍灣)	**7,189**	**82,621**	42,612	356,616
Nanning Royal Castle (南寧君御華府)	**55,146**	**606,789**	49,606	535,426
Nanning Joy Residence (南寧君悦華庭)	**135,133**	**871,253**	–	–
Fangchenggang Sunshine Seaward (防城港陽光海岸)	**145,185**	**623,803**	208,294	949,383
Chengdu Sky Palace (成都天悦龍庭)	**880**	**35,545**	20,938	213,839
Chengdu Joy Residence (成都君悦華庭)	**76,714**	**403,264**	–	–
Guilin Provence (桂林普羅旺斯)	**80,168**	**398,840**	–	–
Haikou Sea and City (海南海雲天)	**23,281**	**195,863**	–	–
Total	**1,859,412**	**21,104,999**	2,240,698	15,247,388

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) Cost of sales

The cost of sales of the Group for the year ended 31 December 2016 increased to RMB13,979.0 million by approximately RMB3,835.1 million, or approximately 37.8%, as compared with 2015, primarily due to the increase in cost of sales 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:

	2016	2015	Changes per year
	RMB'000	*RMB'000*	%
Costs	**13,979,010**	10,143,907	37.8%
– Costs of sales of properties	**13,812,693**	10,020,821	37.8%
– Costs of construction business and rental business	**166,317**	123,086	35.1%

(III) Selling and marketing expenses and administrative expenses

The selling and marketing expenses of the Group for the year ended 31 December 2016 amounted to approximately RMB714.2 million (2015: RMB573.1 million). As the Group further increased its property marketing efforts in response to the challenging market environment in 2016, the selling and marketing expenses had increased by approximately 24.6% as compared with 2015.

The administrative expenses of the Group for 2016 amounted to approximately RMB556.7 million (2015: RMB587.8 million), representing an decrease of approximately 5.3% as compared with 2015.

(IV) Profit from operations

The profit from operations of the Group for 2016 amounted to approximately RMB8,305.3 million (2015: RMB4,209.7 million), representing an increase of approximately 97.3% over the corresponding period. As the revenue of the Group and other revenue increased by approximately RMB6,253.7 million as compared with 2015, the relevant cost of sales, selling and marketing expenses and administrative expenses increased by approximately RMB3,945.1 million as compared with 2015 whereas the fair value gain of investment properties and derivative financial instruments of the Group for the year increased by approximately RMB1,813.6 million as compared with 2015. As a result, the profit from operations of the Group increased by approximately RMB4,095.6 million as compared with 2015.

(V) Net finance costs

The net finance costs of the Group for 2016 increased to approximately RMB371.9 million (2015: RMB36.2 million), primarily due to the increase in loan scales.

(VI) Tax

Taxes of the Group for the year ended 31 December 2016 included CIT and LAT. Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB1,761.9 million and RMB971.6 million, respectively (2015: RMB922.7 million and RMB563.0 million, respectively).

(VII) Core Profit

Core Profit of the Group for the year ended 31 December 2016 amounted to approximately RMB3,106.7 million (2015: RMB1,973.6 million), representing a year-on-year increase of approximately 57.4%. The Core Profit margin of the Group for 2016 was approximately 15.1% (2015: 13.5%). Such increase was primarily due to the increase of gross profit margin in 2016.

(VIII) Liquidity and financial resources

As at 31 December 2016, total assets of the Group amounted to approximately RMB86,501.7 million (31 December 2015: RMB56,771.7 million), of which current assets amounted to approximately RMB58,521.4 million (31 December 2015: RMB49,760.3 million). Total liabilities amounted to approximately RMB60,750.4 million (31 December 2015: RMB39,310.7 million), of which non-current liabilities amounted to approximately RMB29,695.5 million (31 December 2015: RMB16,689.5 million). Total equity amounted to approximately RMB25,751.3 million (31 December 2015: RMB17,460.9 million). Total equity attributable to equity shareholders amounted to RMB19,426.8 million (31 December 2015: RMB13,548.8 million).

As at 31 December 2016, the Group had total cash and bank balances (including restricted cash) of approximately RMB14,797.3 million (31 December 2015: RMB11,190.6 million) and total borrowings of approximately RMB33,186.5 million (31 December 2015: RMB21,044.4 million). As at 31 December 2016, total net borrowings of the Group amounted to approximately RMB18,389.2 million (31 December 2015: RMB10,196.9 million), the net debt-to-equity ratio of the Group was 71.4% (31 December 2015: 58.4%).

(IX) Financing activities

In 2016, the Group issued non-public domestic corporate bonds and public domestic corporate bond with an aggregate principal amount of RMB7,400.0 million, of which RMB2,500.0 million has a term of three years and an interest rate of 5.8%, RMB500.0 million has a term of four years and an interest rate of 5.2%, RMB3,000.0 million has a term of five years and an interest rate of 5.15%, and RMB1,400.0 million has a term of five years and an interest rate of 3.4%. The cash ratio (the ratio of cash and bank balances to short-term borrowings) was approximately 2.6 times in 2016 (2015: 2.0 times).

(X) Pledge of assets

As at 31 December 2016, the Group had pledged investment properties, other properties, inventories and pledged deposits of approximately RMB23,787.0 million to secure its borrowings (31 December 2015: RMB16,902.4 million).

(XI) Contingent liabilities

As at 31 December 2016, the Group provided guarantees of approximately RMB9,806.2 million (31 December 2015: RMB8,157.0 million) in respect of the mortgage loans that certain banks 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 relevant 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 material forward exchange contract to hedge its exposure to foreign exchange risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

(XIII) Employees and Remuneration Policy

As at 31 December 2016, the Group had approximately 2,350 employees (2015: 2,043). 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 in relation to the Share Option Scheme will be set out in the Company's annual report for the year ended 31 December 2016, which will be published on or before end of April 2017.

PAYMENT OF FINAL DIVIDEND

At the meeting of the Board of Directors held on 30 March 2017, the Board of Directors proposed to pay a final dividend of HK22 cents per share and a special dividend of HK3 cents per share amounted to a total dividend of HK25 cents per share for the year ended 31 December 2016, subject to the approval by shareholders at the annual general meeting (the "**AGM**") of the Company to be held on Tuesday, 27 June 2017. The final dividend, if approved by the Company's shareholders at the AGM, will be paid on or about Wednesday, 19 July 2017 to the shareholders whose names appear on the register of members of the Company on Thursday, 6 July 2017.

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

During the year ended 31 December 2016, the Company had repurchased from the market a total of 61,232,000 shares. All the repurchased shares have been cancelled. The Directors believe that the repurchases of shares would lead to an enhancement of the net value of the Group and its assets and/or its earnings per share.

Details of the repurchases of the shares of the Company are as follows:

Month of repurchase	**Number of shares repurchased**	**Highest price per share** *(HK$)*	**Lowest price per share** *(HK$)*	**Aggregate purchase price** *(HK$)*
January	3,072,000	2.25	2.15	6,763,060
February	584,000	2.25	2.21	1,304,400
March	1,056,000	2.50	2.44	2,613,820
April	3,134,000	2.93	2.85	9,072,720
May	N/A	N/A	N/A	N/A
June	N/A	N/A	N/A	N/A
July	N/A	N/A	N/A	N/A
August	18,632,000	3.38	3.21	61,618,140
September	4,160,000	3.38	3.34	13,990,440
October	27,322,000	3.35	3.19	89,665,100
November	3,272,000	3.17	3.07	10,231,180
December	N/A	N/A	N/A	N/A

On 3 January 2017, the Company issued 5.75% senior notes due in 2022 with a principal amount of US$200 million. The notes are listed and traded on the Stock Exchange of Hong Kong.

Between January 2016 and October 2016, the Group issued non-public domestic corporate bonds and public domestic corporate bond with an aggregate principal amount of RMB7.4 billion, of which RMB2.5 billion has a term of three years and an interest rate of 5.8%, RMB500 million has a term of four years and an interest rate of 5.2%, RMB3 billion has a term of five years and an interest rate of 5.15%, and RMB1.4 billion has a term of five years and an interest rate of 3.4%.

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 year ended 31 December 2016.

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 27 June 2017 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 Tuesday, 27 June 2017, the register of members of the Company will be closed from Thursday, 22 June 2017 to Tuesday, 27 June 2017, 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 Wednesday, 21 June 2017.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed from Tuesday, 4 July 2017 to Thursday, 6 July 2017, 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 Monday, 3 July 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 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 2016.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2016, 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.

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 also 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 KPMG Certified Public Accountants, the external auditors of the Company have reviewed and discussed the annual results for the year ended 31 December 2016.

SCOPE OF WORK OF KPMG

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2016 have been compared by KPMG, 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.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

KPMG expressed a qualified opinion in its report. An extract of KPMG's opinion is set out below.

"In our opinion, except for the possible effects of the matters described in the *Basis for qualified opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for qualified opinion

(a) Certain joint ventures (50:50) incurred payments to third parties to fund the costs for the acquisition of certain urbanization projects. These payments of approximately RMB900 million have been included in receivables as at 31 December 2016. However, we have been unable to obtain sufficient audit evidence to ascertain the nature of these payments, and thus we cannot satisfy ourselves as to the appropriateness of accounting for these payments as receivables as at 31 December 2016.

(b) The Group has entered into capital contribution agreements with Shenzhen Pingan Dahua Huitong Wealth Management Co., Ltd. ("**Pingan Dahua**") in 2015 and 2016, pursuant to which Pingan Dahua has made capital contributions to two subsidiaries of the Group (Shenzhen Logan Junjing Real Estate Development Co., Ltd. (深圳市龍光駿景房地產開發有限公司) ("**Shenzhen Logan Junjing**") and Huizhou Daya Bay Dongzhen Property Co., Ltd. (惠州大亞灣東圳房地產有限公司) ("**Huizhou Dongzhen**"). As at 31 December 2016, Pingan Dahua contributed a total of RMB4,800,000,000 and RMB3,960,000,000 to Shenzhen Logan Junjing and Huizhou Dongzhen respectively (2015: RMB2,800,000,000 and Nil, respectively). In 2016 Pingan Dahua received RMB2,086,288,000 from the Group on the repurchase of Pingan Dahua's 49% interest in the Group's subsidiary, Shenzhen Jinjun Property Co. Ltd ("**Shenzhen Jinjun**").

These transactions have been accounted for as equity transactions whereby adjustments have been made to the amount of other reserves within controlling shareholders' interests and non-controlling interests in the Group's consolidated financial statements as at 31 December 2016 and 2015.

During our audit of the consolidated financial statements of the Group as at 31 December 2016 it came to our attention that certain agreements, namely Supplementary Agreement of Cooperation Framework and the Equity Forward Repurchase Agreement, specified certain payments obligations by Shenzhen Logan Junjing and Huizhou Dongzhen to Pingan Dahua in connection with the above capital contributions.

Management of the Group believes that notwithstanding these terms, the transactions can be accounted for as equity transactions. In our opinion, as the agreements contain obligations for the Group to re-purchase its own equity instruments in certain circumstances, accounting for these transactions entirely as equity transactions is not in accordance with the requirements of Hong Kong Accounting Standard 32 *Financial Instruments: Presentation*. As of the date of this report we have been unable to quantify the financial effect of this departure as we have been unable to satisfy ourselves that we have a full understanding of the rights and obligations of both sides to the agreements and any other similar transactions accounted for as equity transactions in the Group's consolidated financial statements as at 31 December 2016 and 2015. Any adjustments to these amounts would affect the amount of liabilities and net assets reported by the Group as at those dates and may affect the profit recognized for the years then ended.

THE COMPANY'S RESPONSE

The Company makes the following response to the two issues raised in KPMG's basis for qualified opinion.

1. Issue (a)

To address increasing land premium in public bidding, the Group started in 2016 to secure land by teaming up with resourceful joint venture partners. These joint ventures are engaged in urbanization projects in Shenzhen and the nearby cities. The amount of RMB900 million raised by KPMG was applied by the joint ventures to fund the costs for the acquisition of certain urbanization projects.

The Company has made available to KPMG the accounts, records, bank statements and shareholders' resolutions of these joint ventures.

These joint ventures have commissioned an independent valuation report which shows that the value of these projects as of March 2017 was significantly higher than their investment costs.

2. Issue (b)

The Audit Committee and the full Board maintain that the transactions relating to Shenzhen Logan Junjing and Huizhou Dongzhen are of equity nature. In these transactions, the rights of the Group and the counter-party were equal. In other words, the Group had the right to purchase the equity interest held by the counter-party, and if the Group did not exercise its right, the counter-party had the right to sell its interests to any third party or require the Group to purchase the interest. The Board considers that this is common market practice.

To support the Company's position, the Company has made available to KPMG:

(1) written confirmations and documentary evidence from the counter-party to these transactions confirming the equity nature of the transactions; and

(2) legal opinions from two reputable PRC law firms stating that these transactions are of equity nature and that the written confirmations and documentary evidence from the counter-party are legally binding.

The Audit Committee and the full Board hold the same view with respect to Shenzhen Jinjun.

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 2016 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, 30 March 2017

As at the date of issuance 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.