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Logan Property Holdings Company Limited

龍光地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3380)

SUPPLEMENTARY ANNOUNCEMENT IN RELATION TO THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

Reference is made to the announcement of Logan Property Holdings Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 30 March 2017 in relation to the annual results for the year ended 31 December 2016 (the “**Results Announcement**”) and the Company’s annual report for the year ended 31 December 2016 published on 17 April 2017 (the “**Annual Report**”).

Basis for qualified opinion

Reference is made the paragraph headed “Basis for qualified opinion” set forth in the section headed “Extract of Independent Auditor’s Report” in the Results Announcement and the Independent Auditor’s Report contained in the Annual Report. KPMG, the external auditor of the Company, raised two issues in its basis for the qualified opinion (collectively, the “**Audit Qualifications**”) as follows:

- (a) **Receivables of JVs and subsidiaries**: there was insufficient audit evidence to ascertain the nature of the payments of approximately RMB900 million incurred by certain joint ventures (50:50) and paid to third parties to fund the costs for the acquisition of certain urbanization projects, which have been included as receivables as at 31 December 2016. KPMG cannot satisfy itself as to the appropriateness of accounting for these payments as receivables as at 31 December 2016; and
- (b) **Capital contributions by Pingan Dahua**: in the Group’s consolidated financial statements as at 31 December 2016 and 2015, the Company had recognised the transactions relating to the capital contribution agreements entered into by the Group with Shenzhen Pingan Dahua Huitong Wealth Management Co., Ltd. (“**Pingan Dahua**”) in 2015 and 2016 in relation to the capital contributions made by Pingan Dahua to two subsidiaries of the Group, namely 深圳市龍光駿景房地產開發有限公司 (Shenzhen

Logan Junjing Real Estate Development Co., Ltd.*) (“**Shenzhen Logan Junjing**”) and 惠州大亞灣東圳房地產有限公司 (Huizhou Daya Bay Dongzhen Property Co., Ltd.*) (“**Huizhou Dongzhen**”) as equity transactions. In KPMG’s opinion, this accounting treatment is not in accordance with the requirements of Hong Kong Accounting Standard 32 – *Financial Statements: Presentation (HKAS32)*.

Update in relation to the Audit Qualifications

It is the intention of the Company to remove the Audit Qualifications in the year ending 31 December 2017 so that the Group’s statement of financial position for the year ending 31 December 2017 will not be qualified. To this end,

- (a) ***Receivables of JVs and subsidiaries***: the Company will provide sufficient and further documentary evidence in respect of the payments.
- (b) ***Capital contributions by Pingan Dahua***: the Company is considering either (i) to provide sufficient evidence to support the Company’s accounting treatment, or (ii) to exercise its repurchase right to acquire the equity interest in Shenzhen Logan Junjing and Huizhou Dongzhen held by Pingan Dahua in 2017.

With respect to Huizhou Dongzhen, the Company exercised its repurchase right and completed the acquisition of the 10% equity interest held by Pingan Dahua on 28 June 2017. For further details of the acquisition, please refer to the announcement of the Company dated 28 June 2017.

With respect to Shenzhen Logan Junjing, the Company will provide further evidence under solution (i). If the evidence is not sufficient, the Company will adopt solution (ii) and exercise its repurchase right during 2017.

Further announcement(s) as to how the Audit Qualifications will be addressed will be made by the Company as and when appropriate.

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

Hong Kong, 19 July 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.

* *For identification purposes only*