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)

Annual Report 2013

Project Logan City in eastern Shenzhen

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Company Profile

Logan Property Holdings Company Limited is a leading integrated property developer in Guangdong and Guangxi Provinces in China. We focus on the property development in the residential property market and our products are primarily targeted at first-time homebuyers and upgraders. We have more than 20 subsidiaries in Shenzhen, Guangzhou, Shantou, Foshan, Zhongshan, Zhuhai, Dongguan, Huizhou, Nanning, Chengdu and Lingshui of Hainan. As at 31 December 2013, we had completed 56 projects[1] in total with a total Gross Floor Area ("GFA") of over 8,190,000 sqm. Over the past 18 years, we have established ourselves as one of the leading developers focusing on residential properties in Guangdong and Guangxi Provinces. In 2013, we were ranked as the 40th-largest property developer in the PRC in terms of comprehensive strength[2].

We have adequate land reserve for development in the next 5 to 6 years. As at 31 December 2013, we had 71 projects at various stages of development in 11 cities and a land bank with an aggregate GFA of approximately 11 million sq.m. The average land cost was RMB1,045 per sq.m.. 69% of our land bank located in Pearl River Delta, the most prosperous area in the PRC. The high quality of our land bank, including over 90% reserves that are already completed for sale, projects under development and follow-on development of existing projects, which minimizes uncertainties for new projects going forward, thus facilitating the sustainable growth of the Company in the future.

Adhering to our philosophy of efficient operation and development, the Company has established an integrated property development system covering the whole process from land exploration, planning and design, construction to marketing, and developed a model of "quick turnover". Furthermore, the Group has established a subsidiary, Logan Construction, to take charge of most of the Group's projects in order to maintain effective control on construction cost through synergies under the centralized procurement management of the Group, which further enhanced our profitability. We adopted an operating model featured by balanced quick turnover and lucrative profit under enhanced management to ensure the growth in both revenue and profit through enhanced portfolio and management of the entire product development cycle. Our prudent investment philosophy also laid a solid ground for the sound and steady development of the Company.

Notes:

1. Includes the Group and our predecessors prior to the reorganization
2. Source: Enterprise Institute of the Development, Research Center of the State Council, Real Estate Institute of Tsinghua University and China Index Academy

Corporate Information

Directors

Executive Directors

Mr. Ji Haipeng (紀海鵬) *(Chairman)*
Mr. Ji Jiande (紀建德)
Mr. Xiao Xu (肖旭)
Mr. Lai Zhuobin (賴卓斌)

Non-executive Director

Ms. Kei Perenna Hoi Ting (紀凱婷)

Independent Non-executive Directors

Mr. Zhang Huaqiao (張化橋)
Ms. Liu Ka Ying, Rebecca (廖家瑩)
Mr. Cai Suisheng (蔡穗聲)

Audit Committee

Ms. Liu Ka Ying, Rebecca *(Chairman)*
Mr. Cai Suisheng
Mr. Zhang Huaqiao

Remuneration Committee

Mr. Zhang Huaqiao *(Chairman)*
Mr. Ji Haipeng
Ms. Liu Ka Ying, Rebecca

Nomination Committee

Mr. Ji Haipeng *(Chairman)*
Mr. Zhang Huaqiao
Ms. Liu Ka Ying, Rebecca

Company Secretary

Ms. Li Yan Wing, Rita

Auditor

KPMG

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

Headquarters and principal place of business in the PRC

Room 2002, Tower B, Logan Century Center
Xinghua Road South
Bao'An District
Shenzhen, China

Principal Place of Business in Hong Kong

Suites 4106–08
Two International Finance Centre
8 Finance Street
Central, Hong Kong

Company's website

http://www.loganestate.com

Authorized Representatives

Ms. Li Yan Wing, Rita
Ms. Kei Perenna Hoi Ting

Compliance Advisor

Somerley Capital Limited

Principal Share Registrar

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Share Registrar

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Banker

Industrial and Commercial Bank of China (Asia) Limited
33/F, ICBC Tower
3 Garden Road, Central
Hong Kong

Listing Information

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 3380.HK)

AWARDS

2014 China Top 40 Real Estate Developers

Presented By the Following Organizations:
Enterprise Institute of the Development Research Center of the State Council,
Real Estate Institute of Tsinghua University,
China Index Academy

2014 Top 50 Chinese Property Developers

Presented By Following Organizations:
China Real Estate Research Association,
China Real Estate Association,
China Real Estate Assessment Center

2014 China Top 10 Model Projects

Presented By Following Organizations:
China Real Estate Research Association,
China Real Estate Association,
China Real Estate Assessment Center

2013 Top 50 Chinese Property Developers

Presented By Following Organizations:
China Real Estate Research Association,
China Real Estate Association,
China Real Estate Assessment Center

2013 China Top 100 Real Estate Developers – Top 10 in Profitability

Presented By Following Organizations:
Enterprise Institute of the Development Research Center of the State Council,
Real Estate Institute of Tsinghua University,
China Index Academy

2011–2013 China Top 100 Real Estate Developers

Presented By the Following Organizations:
China Real Estate Top10 Research Group,
Enterprise Institute of the Development Research Center of the State Council,
Real Estate Institute of Tsinghua University,
China Index Academy

2012 Honest Brand of Chinese Property Industry

Presented By the Following Organizations:
China Real Estate Investment Research Association,
China Real Estate Association

Chairman's Statement

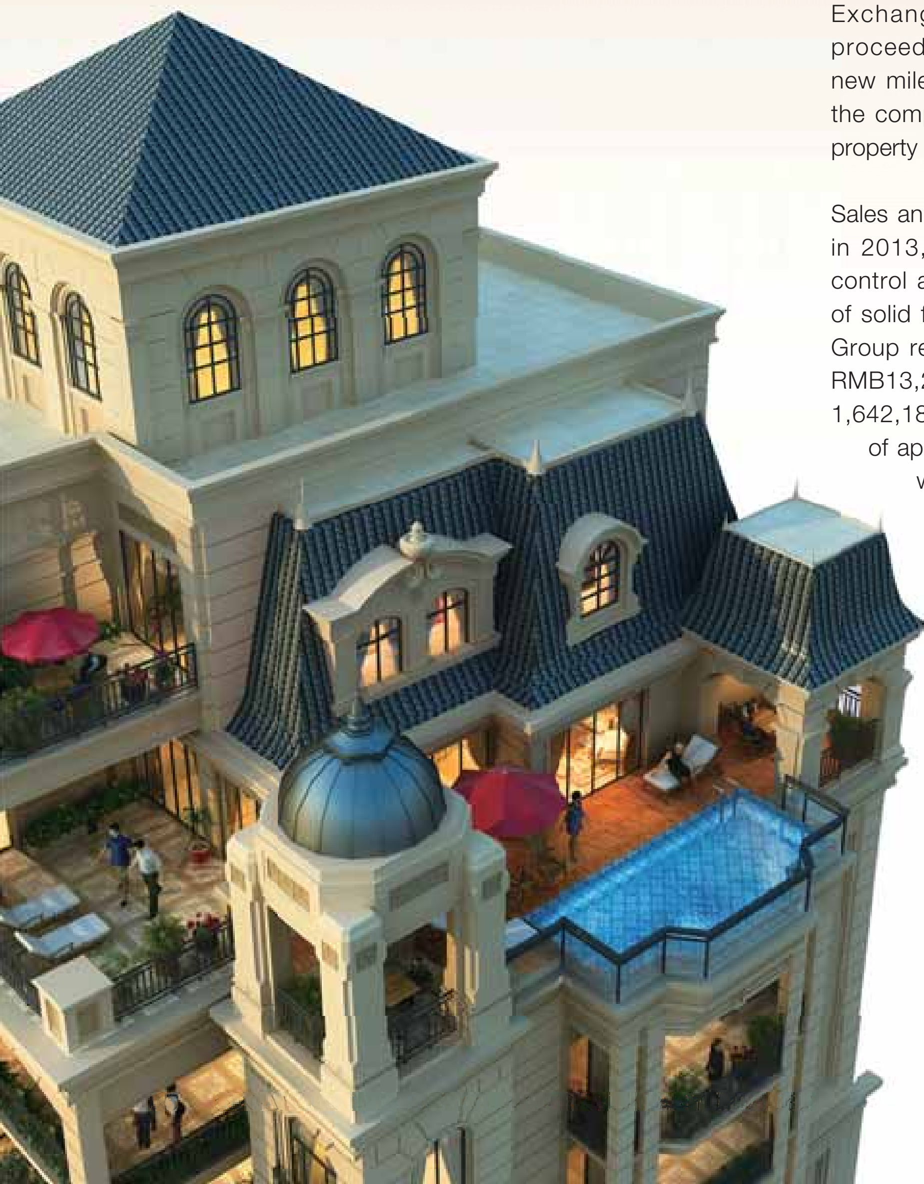
Dear shareholders,

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

Results

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

Sales and profit of the Group reached a record high in 2013, as a result of refined management and control and efficient operation as well as 18 years of solid foundation and robust reform. In 2013, the Group recorded contracted sales of approximately RMB13,208.1 million and contracted sales area of 1,642,183 sq.m., representing significant increases of approximately 35.6% and 42.7% as compared with the previous year, respectively. Turnover of approximately RMB11,119.4 million was recognized, representing an increase of approximately 68.8% as compared with the corresponding period of 2012. Profit for the year of 2013 was approximately RMB2,056.3 million, representing increase of approximately 13.2% as compared with 2012. Core Profit[1] for the year of 2013 was approximately RMB2,044.9 million, representing a significant increase of approximately 73.6% as compared with 2012.



1 Core Profit = Profit for the year – changes in fair value of investment property + relevant deferred tax

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

Dividend

The Board recommends the payment of a final dividend of HK11 cents per share for the year ended 31 December 2013. The total amount of proposed final dividend for the year ended 31 December 2013 was HK$550.0 million (equivalent to approximately RMB433.9 million[1]), and the pay-out ratio accounted for approximately 21.6% of the core profit excluding non-controlling interests.

Review of 2013

Market review and sales performance

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

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

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

Properties delivered and projects commenced

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

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

Land acquisition

Adhering to its regional focus and prudent investment strategies, the Group secured target projects in line with its strategic orientation and investment decision-making requirements. Supervision and implementation were centralized under the head office to ensure consistency and efficiency in the pursuit of its target projects. In 2013, we acquired nine projects spanning across Foshan, Dongguan, Huizhou, Shantou, Zhongshan and Nanning with a total planned GFA of 2,003,072 sq.m.. The total consideration of the contracts amounted to approximately RMB3,824.0 million. Based on the land premium set out in the contracts, the average land cost was approximately RMB1,909 per sq.m. for the land acquired in 2013.

As at 31 December 2013, the GFA of the land bank of the Group amounted to approximately 11 million sq.m. and the average land cost was RMB1,045 per sq.m. These land parcels are characterized by their distinctive features and low land cost, which effectively drive the steady growth of the Group.

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

Controls on costs and expenses

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

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

Financial management

In 2013, the Group recorded substantial cash inflow through share capital increase from the global initial public offering and strong property sales. As at 31 December 2013, the Group had cash and bank balances (including restricted and pledged deposits) of RMB4,505.7 million and its net debt to equity ratio (i.e. the ratio of all borrowings net of cash and cash equivalents and approximately restricted and pledged deposits to equity) was significantly reduced to 60.9%. We consider that the current net-debt-to equity ratio is within a reasonable range and is in line with our operation. Moreover, 79% of our loans were on-shore bank loans and our average borrowing cost was only 8.4% per annum in 2013. Simple capital structure and low financing cost are our major advantages.

Organization and human resources development

The Group has made continuous improvement in respect of organizational planning, talent recruitment and training and corporate culture. In 2013, we further optimized the organizational structure and extended authorization to the frontline staff in order to meet the streamlined and efficient operation requirements. We recruited a total of 115 middle and senior management personnel during the year. Talent teams and reserve which meet the corporate development needs were created through the appointment of internal elite as general manager and the launch of talent scheme and comprehensive training for graduate trainees. Besides, the Group has been promoting the corporate value of practical and innovative operation with positive attitude and high efficiency to stimulate the motivation of the employees. The Group's remuneration policy aims to offer competitive remuneration packages to recruit, retain and motivate competent employees. The Group believes the remuneration packages are reasonable and competitive and in line with market trend. The Group has put in a bonus scheme for its executives and employees in a bid to provide competitive remuneration package for the Group's long term growth and development.

Brand building and customer satisfaction

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

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

Social responsibility

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

Prospects

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

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

Acknowledgment

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

Logan Property Holdings Company Limited
Ji Haipeng
Chairman

Management Discussion and Analysis

Performance Highlights

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

Note 1: Excluding car parking spaces

	2013	2012
Key financial ratios		
Gross profit margin[1]	**37.0%**	38.9%
Core profit margin[2]	**18.4%**	17.9%
Net debt to equity ratio[3]	**60.9%**	93.2%
Liability to asset ratio[4]	**73.6%**	81.2%
Average borrowing cost[5]	**8.4%**	8.2%

Notes:

1 Gross profit margin: Gross profit ÷ turnover * 100%

2 Core profit margin: Core profit ÷ turnover * 100%

3 Net debt to equity ratio: (Total bank and other borrowings – cash and cash equivalents – restricted and pledged deposits) ÷ total equity * 100%

4 Liability to asset ratio: Total liabilities ÷ total assets * 100%

5 Average borrowing cost: Annual borrowing cost ÷ average annual loan balance * 100%

PROPERTY DEVELOPMENT

Contracted sales

In 2013, the Group recorded contracted sales of approximately RMB13,208.1 million, representing an increase of approximately 35.6% as compared with approximately RMB9,737.1 million in 2012. The increase was mainly due to the significant increase in contracted GFA sold (excluding car parking spaces) by approximately 42.7% to 1,642,183 sq.m. in 2013 from 1,150,798 sq.m. in 2012. The contracted ASP decreased by approximately 9.9% to RMB7,452 per sq.m. from RMB8,272 per sq.m. in 2012. The decrease was mainly due to changes in product portfolio for sale and greater proportion of inelastic demand products. Guangdong, Guangxi and other regions accounted for approximately 75%, 21% and 4% of the contracted sales and approximately 73%, 23% and 4% of contracted GFA sold, respectively.

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

1 Excluded car parking spaces
2 Included Dongguan and Huizhou
3 Included Zhongshan

Turnover from sales of properties

In 2013, turnover from sales of properties amounted to approximately RMB10,384.8 million, representing a significant increase of approximately 64.9% as compared with approximately RMB6,296.7 million in 2012. GFA delivered (excluding car parking spaces) increased by approximately 47.8% to 1,239,837 sq.m. in 2013 from 838,919 sq.m. in 2012. Both Guangdong and Guangxi contributed to the turnover from sales of properties in 2013, accounting for approximately 76% and 24% respectively.

	Turnover from sales of properties in 2013				
Region	Amount (RMB million)	Percentage	Area delivered (sq.m.)	Percentage	ASP[1] (RMB)
Shantou	4,681.3	45.1%	432,279.1	34.9%	10,634
Shenzhen[2]	1,548.2	14.9%	235,416.7	19.0%	6,564
Guangzhou and Foshan	1,570.2	15.1%	165,287.7	13.3%	8,879
Zhuhai[3]	105.3	1.0%	5,234.8	0.4%	15,275
Subtotal of Guangdong	7,905.0	76.1%	838,218.3	67.6%	9,174
Nanning	2,479.8	23.9%	401,618.3	32.4%	5,949
Subtotal of Guangxi	2,479.8	23.9%	401,618.3	32.4%	5,949
Total	10,384.8	100.0%	1,239,836.6	100.0%	8,129

1 Excluded car parking spaces
2 Included Dongguan and Huizhou
3 Included Zhongshan

Newly commenced projects

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

Completed projects

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

Developing projects

As at 31 December 2013, the Group had 29 projects or project phases under construction, with a total planned GFA of approximately 4,870,149 sq.m..

Land reserves

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

List of Projects Newly Acquired in 2013

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

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

Property Investments

Rental income

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

Investment properties

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

Financial Review

(I) Turnover

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

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

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

Note:1　Excluded the GFA attributable to the car parking spaces.

2　Included the turnover amount of car parks sales.

(II) Direct costs

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

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

(III) Selling and marketing expenses and administrative expenses

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

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

(IV) Profit from operations

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

(V) Finance costs

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

(VI) Income tax expenses

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

(VII) Core Profit margins

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

(VIII) Liquidity and financial resources

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

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

(IX) Financing activities

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

(X) Pledge of assets

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

(XI) Commitments

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

(XII) Contingent liabilities

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

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

Biographies of Directors and Senior Management

Director

The table below shows certain information in respect of members of the board:

Name	Age	Position
Mr. Ji Haipeng	47	Chairman, Chief Executive Officer and Executive Director
Mr. Ji Jiande	39	Vice President and Executive Director
Mr. Xiao Xu	42	Executive Director
Mr. Lai Zhuobin	42	Executive Director
Ms. Kei Perenna Hoi Ting	24	Non-executive Director
Mr. Zhang Huaqiao	50	Independent Non-executive Director
Ms. Liu Ka Ying, Rebecca	44	Independent Non-executive Director
Mr. Cai Suisheng	63	Independent Non-executive Director

Executive Directors

Mr. Ji Haipeng, aged 47, was appointed as our executive director on 18 November 2013. Mr. Ji Haipeng is our founder, chairman and chief executive officer. Mr. Ji Haipeng was appointed as our chief executive officer in April 2011. He is primarily responsible for the overall strategic planning of our group's business. He is the elder brother of Mr. Ji Jiande, an executive director and father of Ms. Kei Perenna Hoi Ting, a non-executive director. In March 1996, Mr. Ji Haipeng was appointed as an executive director and chief executive officer of Guangdong Logan (Group) Co., Ltd., one of our predecessors. Since May 2003 and October 2009, Mr. Ji Haipeng has also served as a director and chief executive officer of Logan Real Estate Holdings Co., Ltd. and Shenzhen Youkaisi Investment Co., Ltd., respectively. Mr. Ji Haipeng has 18 years of experience in the property development industry and possesses experience in corporate strategic planning and management as well as project management.

Mr. Ji Jiande, aged 39, was appointed as our executive director on 18 November 2013. Mr. Ji Jiande is also our group's vice president, primarily responsible for managing the business of Shantou region. He is also in charge of the construction and material procurement of our group. He has been serving as legal representative and director of Shantou Logan Junjing Property Co., Ltd. (汕頭市龍光駿景房地產有限公司) since 10 January 2014. He is the younger brother of Mr. Ji Haipeng, our chairman and an executive director. Mr. Ji Jiande joined Logan Real Estate Holdings Co., Ltd. in 2006 and served as the general manager of various companies of our group. Since October 2008 and December 2008, Mr. Ji Jiande also served as a director of Logan Construction Co., Ltd. and Logan Real Estate Holdings Co., Ltd., respectively. In December 2009, Mr. Ji Jiande was appointed as a director of Shenzhen Youkaisi Investment Co., Ltd., primarily responsible for the operational management, construction and material management of our group.

Mr. Xiao Xu, aged 42, was appointed as our executive director on 18 November 2013. He is also the assistant to the president of our group. Mr. Xiao is mainly responsible for implementing strategic development, investment analysis and external affairs of our group. Mr. Xiao was employed by Logan Real Estate Holdings Co., Ltd. in 2007 and held various senior management positions in Logan Real Estate Holdings Co., Ltd. during the period from August 2007 to April 2011, prior to his appointment as the assistant to the president of Shenzhen Youkaisi Investment Co., Ltd. in April 2011. He has substantial experience in investment analysis, corporate management, secretarial work and external liaison. Mr. Xiao obtained a bachelor's degree in business management from Jinan University (暨南大學) in June 1993 and obtained a postgraduate diploma in economics from the Party School of Chinese Communist Party of Guangdong Province (中共廣東省委黨校) in July 1998.

Mr. Lai Zhuobin, aged 42, was appointed as our executive director on 18 November 2013. He is also the financial director of our group. Mr. Lai is mainly responsible for the financial management and capital markets functions of our group. Mr. Lai was employed by Logan Real Estate Holdings Co., Ltd. in 2007 and held various senior positions within the financial management division during the period from November 2007 to May 2011. In May 2011, Mr. Lai was appointed and has since served as the financial controller of Shenzhen Youkaisi Investment Co., Ltd.. He is a member of the Chinese Institute of Certificate Public Accountants. Mr. Lai obtained a bachelor's degree in science from Sun Yat-sen University (中山大學) in July 1993 and obtained a master's degree in engineering from Beijing Institute of Technology in July 2003.

Non-executive Director

Ms. Kei Perenna Hoi Ting (formerly known as Ms. Ji Peili), aged 24, was appointed as our director on 14 May 2010 and was re-designated as a non-executive director on 18 November 2013. She is the daughter of Mr. Ji Haipeng, our chairman and an executive director. In August 2011, Ms. Kei obtained a bachelor's degree in Economics and Finance from the University of London.

Independent Non-executive Directors

Mr. Zhang Huaqiao, aged 50, was appointed as our independent non-executive director on 18 November 2013. Mr. Zhang is a director of various companies the shares of which are listed on the Hong Kong Stock Exchange, including as an independent non-executive director of Fosun International Limited (Stock Code: 656), an independent non-executive director of Zhong An Real Estate Limited (Stock Code: 672), an independent non-executive director of Fuguiniao Company Limited (Stock Code: 1819), a non-executive director of Bower Power Holdings Limited (Stock Code: 1685), Oriental City Group Holdings Limited (Stock Code: 8325) and an independent non-executive director of China Huirong Financial Holdings Limited (Stock Code: 1290). Since February 2013, Mr. Zhang has also been a director of Nanjing Central Emporium Group Stocks Co., Ltd. (Stock Code: 600280.SS), a company the shares of which are listed on the Shanghai Stock Exchange. From June 1999 to April 2006, Mr. Zhang had worked with UBS AG, Hong Kong Branch and held positions as a director, executive director, managing director and the co-head of its China research team. From

September 2011 to April 2012, Mr. Zhang also served as an executive director and chief executive officer of Man Sang International Limited (Stock Code: 938), a company whose shares are listed on the Hong Kong Stock Exchange. Mr. Zhang obtained a master's degree in economics from the Graduate School of the People's Bank of China in July 1986 and obtained a master's degree in economics of development from the Australian National University in April 1991.

Ms. Liu Ka Ying, Rebecca, aged 44, was appointed as our independent non-executive director on 18 November 2013. From June 1996 to March 2002, Ms. Liu served as the general manager for the Asia and China region of The PRG-Schultz International, Inc., a company listed on NASDAQ. In January 2007, Ms. Liu was appointed as the chief executive officer of AllPanther Asset Management Limited (竣富(資產)管理有限公司) and served at such position since then. She possesses experience in management, investment in real estate development and private investment funds, as well as accounting and financial management.

Ms. Liu is a member of the American Institute of Certified Public Accountants (AICPA), Illinois CPA Society (ICPAS) of the United States and Hong Kong Institute of Certified Public Accountants (HKICPA). Ms. Liu obtained a double bachelor's degree in Business Administrative Studies from York University, Canada with major in management and in accounting (with honours) in 1992 and 1994, respectively. She also obtained a doctoral's degree in business administration from Victoria University of Switzerland in November 2011. She is also a member of the Tenth Jilin Provincial Committee of the Chinese People's Political Consultative Conference, Hong Kong Institute of Bankers, Association of Women Accountants (Hong Kong) Limited and Hong Kong Professionals and Senior Executives Association.

Mr. Cai Suisheng, aged 63, was appointed as our independent non-executive director on 18 November 2013. Mr. Cai is currently the president of Guangdong Provincial Real Estate Association (廣東省房地產行業協會) and a member of the Housing Policy Expert Committee of the Ministry of Housing and Urban-Rural Development (住房和城鄉建設部住房政策專家委員會). Also, in 2004, Mr. Cai was a visiting scholar at the Institute of Housing and Urban Research of Uppsala University in Sweden (瑞典烏普薩拉大學住房與城市發展研究所). From 2006 to 2010, Mr. Cai served as a standing director of the China Real Estate Association (中國房地產業協會). In June 2008, Mr. Cai was also appointed as one of the independent non-executive directors of Guangzhou Pearl River Industrial Development Co., Ltd. (廣州珠江實業開發股份有限公司), a company listed on the Shanghai Stock Exchange. Mr. Cai has in-depth knowledge and extensive experience in real estate policies, market and urban management and has published numerous articles and reviews regarding the real estate market, housing policy as well as urban development and management in various newspapers and publications.

Senior Management

The table below sets forth certain information concerning our other senior management members:

Name	Age	Position
Mr. Ji Haipeng	47	Chairman and Chief Executive Officer
Mr. Ji Jiande	39	Vice President of the Group
Mr. Xiao Xu	42	Assistant to President of the Group
Mr. Lai Zhuobin	42	Financial Director of the Group
Mr. Zhao Yinghua	40	Vice President of the Group
Ms. Huang Xiangling	37	Vice President of the Group

Please refer to the section entitled "Executive Directors" above for the biographies of Mr. Ji Haipeng, Mr. Ji Jiande, Mr. Lai Zhuobin and Mr. Xiao Xu.

Mr. Zhao Yinghua, aged 40, is a vice president of our group, mainly responsible for monitoring our project companies within the Shenzhen region, including Shenzhen, Huizhou and Dongguan. Mr. Zhao joined our group in December 2012. From 2008 to 2012, Mr. Zhao served as the regional president of Foshan Shunde Country Garden Property Management Co., Ltd. and gained experience in planning of projects at its initial stage as well as projects operation and management. Mr. Zhao obtained an undergraduate diploma in architectural engineering from Nanchang Institute of Technology in July 2004.

Ms. Huang Xiangling, aged 37, is a vice president of our group. She is mainly responsible for the management of the president's office and public affairs of our group. Ms. Huang joined Logan Real Estate Holdings Co., Ltd. in 2005. Since August 2005 and May 2011, Ms. Huang has served as the general manager of Shantou Logan Property Co., Ltd. and assistant to the president of Shenzhen Youkaisi Investment Co., Ltd., respectively. Ms. Huang has extensive experience in project management, internal management and external liaison. Ms. Huang obtained a diploma in public affairs management from Zhejiang University in June 2007.

Corporate Governance Report

The Board of directors (the "Board") of the Company is pleased to present this Corporate Governance Report for the period from 20 December 2013 (the "Listing Date") to 31 December 2013 (the "Reporting Period") in the Company's annual report for the year ended 31 December 2013.

Corporate Governance Practices

The Board has committed to achieving high corporate governance standards.

The Board believes that high corporate governance standard is essential in providing a framework for the group to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules").

The Board is of the view that throughout the Reporting Period, the Company has complied with most of the code provisions as set out in the CG Code, save and except for code provisions A.1.1 which states that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals and A.2.1 which states that roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual, details are set out below.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code during the Reporting Period.

The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Board of Directors

The Board of the Company comprises the following eight directors:

Executive Directors:

Mr. Ji Haipeng *(Chairman)*
Mr. Ji Jiande
Mr. Xiao Xu
Mr. Lai Zhuobin

Non-executive Director:

Ms. Kei Perenna Hoi Ting

Independent Non-executive Directors:

Mr. Zhang Huaqiao
Ms. Liu Ka Ying, Rebecca
Mr. Cai Suisheng

The biographical information of the directors is set out in the section headed "Biographies of Directors and Senior Management" on pages 20 to 23 of the annual report for the year ended 31 December 2013.

Apart from regular Board meetings, the Chairman also held meetings with the non-executive directors (including independent non-executive directors) without the presence of executive directors up to the date of this annual report.

As the Company's shares were only listed on the main board of the Stock Exchange from 20 December 2013, no meeting was held by the Board during the Reporting Period.

The relationships between the members of the Board are disclosed under "Biographies of Directors and Senior Management" on pages 20 to 23 of this annual report.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual.

The Chairman and Chief Executive Officer of the Company are held by Mr. Ji Haipeng who is the founder of the Company and has extensive experience in the industry. The Board believes that Mr. Ji Haipeng can provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board also considers that the current structure of vesting the roles of Chairman and Chief Executive 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.

Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written confirmation from each of the independent non-executive directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors are independent.

Re-election of Non-executive Director and Directors

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of directors of the Company is appointed for a specific term of three years and is subject to retirement by rotation once every three years.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors take decisions objectively in the interests of the Company.

All Directors, including the non-executive director and independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for directors will be arranged and reading material on relevant topics will be issued to directors where appropriate. All directors are encouraged to attend relevant training courses at the Company's expenses.

According to the records maintained by the Company, the directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company on continuous professional development during the year ended 31 December 2013.

Name of Directors	Attending Internally – facilitated Briefings or Trainings, Attending seminars or Reading materials
Executive Directors	
Mr. Ji Haipeng *(Chairman)*	√
Mr. Ji Jiande	√
Mr. Xiao Xu	√
Mr. Lai Zhuobin	√
Non–executive Director	
Ms. Kei Perenna Hoi Ting	√
Independent Non-executive Directors	
Mr. Zhang Huaqiao	√
Ms. Liu Ka Ying, Rebecca	√
Mr. Cai Suisheng	√

Board Committees

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The majority of the members of each Board committee are independent non-executive directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 3.

Audit Committee

The Audit Committee is responsible for reviewing and monitoring the financial reporting and internal control principles of the Company, and assist the Board to fulfill its responsibilities over the audit. The Audit Committee's duties and powers include:

1. Communication with the Company's external auditors;

2. Review of the Company's financial information;

3. Oversight of the Company's financial reporting system and internal control procedures; and

4. Oversight of the Company's corporate governance function.

Since the Listing Date and up to the date of this annual report, the Audit Committee held one meeting to review annual financial results and reports in respect of the year ended 31 December 2013 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The attendance record of each Director at the said Audit Committee meeting of the Company held is set out in the table below:

Name of Directors	**Attendance/ Number of Meetings**
Ms. Liu Ka Ying, Rebecca *(Chairman)*	1/1
Mr. Zhang Huaqiao	1/1
Mr. Cai Suisheng	1/1

The Audit Committee also met the external auditors once without the presence of the executive directors.

Remuneration Committee

The Remuneration Committee has the following duties and powers:

1. to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

3. to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

4. to make recommendations to the Board on the remuneration of non-executive directors;

5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

6. to review and approve the compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

7. to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

8. to ensure that no director or any of his associates is involved in deciding his own remuneration; and

9. to consider and approve the grant of share options to eligible participants pursuant to the share option scheme.

As the Company's shares were only listed on the Main Board of the Stock Exchange from 20 December 2013, no meeting was held by the Remuneration Committee during the Reporting Period.

The remuneration of the Directors and the senior management by band for the year ended 31 December 2013 is set out below:

Annual Income	Number of Persons
Below RMB1,000,000	4
RMB1,000,000 to 4,999,999	5
Over RMB5,000,000	1

Nomination Committee

The Nomination Committee has the following duties and powers:

1. to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. to assess the independence of independent non-executive directors;

4. to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the Chief Executive;

5. to review the policy on Board diversity (the "Board Diversity Policy") and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosure of its review results in the annual report of the Company annually; and

6. where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he should be elected and the reasons why they consider the individual to be independent.

The Nomination Committee has primary responsibility for identifying suitably qualified candidates to become members of the Board and shall give adequate consideration to this policy in selection of Board candidates. In assessing the Board composition, the Nomination Committee would take into account a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

As the Company's shares were only listed on the Main Board of the Stock Exchange from 20 December 2013, no meeting was held by the Nomination Committee during the Reporting Period.

Corporate Governance Functions

The Audit Committee is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Audit Committee shall review the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Directors' Responsibilty in Respect of the Financial Statements

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2013.

The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The working scope and reporting responsibilities of KPMG, the Company's external auditor, are set out on page 44 to 45 of "the Independent Auditor's Report" in this annual report.

Auditors' Remuneration

An analysis of the remuneration paid to the external auditors of the Company, KPMG, in respect of audit services and non-audit services for the year ended 31 December 2013 is set out below:

Service Category	**Fees Paid/Payable HK$**
Audit Services	7,100,000
Non-audit Services[1]	1,300,000
	8,400,000

1 The non-audit service of HK$1,300,000 represented the comfort letters on the Prospectus and working capital forecast during the IPO.

Internal Controls

During the year under review, the Board conducted a review of the effectiveness of the internal control system of the Company, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

Company Secretary

Ms. Li Yan Wing, Rita of Tricor Services Limited, an external service provider, has been engaged by the Company as its company secretary. Her primary contact person at the Company is Mr. Xiao Xu, an Executive Director of the Company.

Shareholders' Rights

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at shareholder meetings, including the election of individual directors. All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 58 of the Company's Articles of Association, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

There is no provision allowing shareholders to propose new resolutions at general meetings under the Cayman Islands Companies Law or the Articles of Association of the Company. Shareholders who wish to propose a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Suites 4106 – 08, Two International Finance Centre, 8 Finance Street, Central, Hong Kong (For the attention of the Board of Directors)
Fax:	(852) 2175 5098
Email:	i.r@logan.com.cn

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from the registered office of the Company, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Shareholders may call the Company at (852) 2823 9200 or (86) 755 8528 8903 for any assistance.

Communication with Shareholders and Investors/Investor Relations

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board, all other members of the Board including non-executive directors, independent non-executive directors, and the chairmen of all Board committees (or their delegates) will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

During the year ended 31 December 2013, the Company has not made any changes to its Articles of Association. An up-to-date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

Directors' report

The directors of the company (the "Director") have pleasure in presenting their first annual report together with the audited consolidated financial statements for the year ended 31 December 2013.

Principal Place of Business

Logan Property Holdings Company Limited (the "Company") is a company incorporated and has its registered office in the Cayman Islands. The Company's principal place of business in Hong Kong is situated at Suites 4106–08, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

Principal Activities

The Company is an investment holding company, and its subsidiaries (the "Group") are principally engaged in property development, property investment and property construction. The activities and particulars of the Company's subsidiaries are shown under note 14 to the consolidated financial statements. An analysis of the Group's turnover and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and note 5 and 7 to the consolidated financial statements.

Consolidated Financial Statements

The profit of the Group for the year ended 31 December 2013 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 46 to 119.

Results and Appropriations

Profits attributable to shareholders, before dividends, of RMB2,024,156,000 (2012: RMB1,794,068,000) have been transferred to reserves. Other movements in reserves are set out on page 51 of "Consolidated Statement of Changes in Equity".

Payment of Final Dividend

The Directors recommend payment of a final dividend of HK11 cents per share (the "Proposed Final Dividend") (equivalent to approximately RMB9 cents) in respect of the year ended 31 December 2013. Subject to the approval of the Proposed Final Dividend by the shareholders at the annual general meeting ("AGM") to be held on 15 May 2014, it is expected that the Proposed Final Dividend will be paid in about June 2014 to the shareholders whose name appears in the register of members of the Company on 23 May 2014.

Closure of the Register of Members

(a) For determining the entitlement to attend and vote at the 2014 AGM

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 13 May 2014 to Thursday, 15 May 2014, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 12 May 2014.

(b) For determining the entitlement to the Proposed Final Dividend

For determining the entitlement to the Proposed Final Dividend (subject to the approval of the shareholders at the AGM), the register of members of the Company will be closed from Wednesday, 21 May 2014 to Friday, 23 May 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Proposed Final Dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 May 2014.

Fixed Assets

Details of the movements in the fixed assets are set out in note 13 to the consolidated financial statements.

Share Capital

Details of the movements in the share capital of the Company for the year ended 31 December 2013 and as at that date is set out in note 22 to the consolidated financial statements.

Reserves

Details of the movements in the reserves of the Group and the Company are set out in "Consolidated statements of changes in equity" and note 22 to the consolidated financial statements respectively.

Borrowings

Details of the borrowings are set out in the section headed "Management Discussion and Analysis" in the annual report and notes 20 and 21 to the consolidated financial statements.

Four Years Summary

A summary of the results and of the assets and liabilities of the Group for the last four years is set out on the page 120 of the annual report.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association, or the law of Cayman Islands being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholder.

Directors

The Directors during the year and up to the date of this report are:

Executive Directors

Mr. Ji Haipeng (Chairman) (Appointed on 18 November 2013)
Mr. Ji Jiande (Appointed on 18 November 2013)
Mr. Xiao Xu (Appointed on 18 November 2013)
Mr. Lai Zhuobin (Appointed on 18 November 2013)

Non-executive Director

Ms. Kei Perenna Hoi Ting

Independent Non-executive Directors

Mr. Zhang Huaqiao (Appointed on 18 November 2013)
Ms. Liu Ka Ying, Rebecca (Appointed on 18 November 2013)
Mr. Cai Suisheng (Appointed on 18 November 2013)

In accordance with the Company's articles of association, Ms. Kei Perenna Hoi Ting shall retire from office by rotation at AGM and be eligible for re-election. Further, the Company's articles of association requires that any Director appointed by the Board shall hold office only until the following AGM and shall be eligible for re-election at that meeting. Accordingly, Mr. Ji Haipeng, Mr. Ji Jiande, Mr. Xiao Xu, Mr. Lai Zhuobin, Mr. Zhang Huaqiao, Ms. Liu Ka Ying, Rebecca and Mr. Cai Suisheng appointed by the Board on 18 November 2013, shall retire from office at the forthcoming AGM of the Company and, being eligible, offer themselves for re-election.

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors to be independent.

Directors' Service Contracts

Each of the Executive Directors has entered into a service agreement with the Company and each of the Independent Non-Executive Directors has signed an appointment letter with the Company. The appointment of all the Director is for a period of three years and shall continue thereafter until being terminated by either party giving not less than six months' (in case of Executive Directors) or three months' (in case of Independent Non-Executive Directors) prior written notice.

None of the Directors who are proposed for election or re-election at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts of Significance

No contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its parent company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out in the section headed "Biographies of Directors and Senior Management" of this annual report.

Specific Performance of Controlling Shareholders Under Rule 13.18 of the Listing Rules

As disclosed in the section headed "Relationship with the Controlling Shareholders" of the Prospectus, during the term of the loan facility granted by Hang Seng Bank Limited to the Company, Ms. Kei Perenna Hoi Ting agreed to remain the majority shareholder of Kam Wang (Hong Kong) Investments Company Limited and Shenzhen Youkaisi Investment Co., Ltd. upon Listing as long as such loan facilities remain outstanding. As at 31 December 2013, the loan facility of HK$360.0 million and US$23.1 million remain outstanding.

Share Option Scheme

The Company's share option scheme (the "Share Option Scheme") was conditionally adopted by the written resolutions of the shareholders of the Company passed on 18 November 2013 and the terms of the Share Option Scheme are disclosed in the Company's prospectus dated 10 December 2013. No share options were granted, exercised or cancelled by the Company under the Share Option Scheme during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2013, the interests and short positions of the Directors and chief executive in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

(i) Interest in Shares of the Company

Name of Director	Nature of Interest	Number of Shares[1]	Percentage of Company's Issued Share Capital
Mr. Ji Haipeng	Interest of controlled corporations[2]	4,250,000,000 (L)	85%
Ms. Kei Perenna Hoi Ting	Beneficiary of a family trust Interest of controlled corporations[2]	4,250,000,000 (L)	85%

Notes:

(1) The letter "L" denotes the person's long position in the shares.

(2) Ms. Kei Perenna Hoi Ting is the settlor and a beneficiary of a family trust. She is also indirectly interested in the Company through Dragon Jubilee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively 17% equity interests in the Company. Mr. Ji Haipeng is considered to be interested in the interests of the Company through Junxi Investments Limited and Ms. Kei Perenna Hoi Ting as (i) Junxi Investments Limited is a company which is entirely owned by a family trust to which Ms. Kei Perenna Hoi Ting is the settlor and a beneficiary and (ii) Ms. Kei Perenna Hoi Ting being a person accustomed to act in accordance with Mr. Ji Haipeng's directions.

(ii) Interest in Associated Corporation of the Company

Name of Director	Name of Associated Corporation	Percentage of Shareholding Interest
Ms. Kei Perenna Hoi Ting	Junxi Investments Limited	100%

Save as disclosed above, as at 31 December 2013, none of the Directors and chief executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Substantial Shareholders' Interests and Short Positions in Shares or Underlying Shares of the Company

As at 31 December 2013, the following interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of Interest	Number of Shares[(1)]	Percentage of the Company's Issued Share Capital
Mr. Ji Haipeng	Other	4,250,000,000 (L)	85%
Ms. Kei Perenna Hoi Ting	Beneficiary of a family trust Interest of controlled corporations[(2)]	4,250,000,000 (L)	85%
Brock Nominees Limited[(3)]	Nominee	3,400,000,000 (L)	68%
Credit Suisse Trust Limited[(3)]	Trustee	3,400,000,000 (L)	68%
Junxi Investments Limited[(3)]	Beneficial owner	3,400,000,000 (L)	68%
Kei Family United Limited[(3)]	Interest of a controlled corporation	3,400,000,000 (L)	68%
Tenby Nominees Limited[(3)]	Nominee	3,400,000,000 (L)	68%
Dragon Jubilee Investments Limited	Beneficial owner	425,000,000 (L)	8.5%

Notes:

(1) The letter "L" denotes the person's long position in shares.

(2) Ms. Kei Perenna Hoi Ting is indirectly interested in the Company through Dragon Jubilee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively 17% interests in the Company.

(3) Ms. Kei Perenna Hoi Ting is the settlor and a beneficiary of a family trust, which is a trust set up to hold the interest of Ms. Kei Perenna Hoi Ting and her family (excluding Mr. Ji Haipeng) in the Company. The family trust is interested in the entire interest of Kei Family United Limited which in turns hold the entire interest in Junxi Investments Limited. Further, Mr. Ji Haipeng is considered to be interested in the interests of the Company through Junxi Investments Limited and Ms. Kei Perenna Hoi Ting as (i) Junxi Investments Limited is a company which is entirely owned by a family trust to which Ms. Kei Perenna Hoi Ting is the settlor and a beneficiary and (ii) Ms. Kei Perenna Hoi Ting being a person accustomed to act in accordance with Mr. Ji Haipeng's directions.

Save as disclosed above, as at 31 December 2013, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares or Debentures of the Company or any of its Associated Corporations" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Major Suppliers and Customers

For the year ended 31 December 2013, the aggregate sales and purchases attributable to the Group's five largest customers and suppliers were less than 30% of the Group's total turnover and the 30% of the Group's total purchase respectively during the year.

None of the Directors, their associates or any shareholders (according to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in the major suppliers noted above.

Continuing Connected Transaction

Pursuant to the construction services framework agreement entered into by a subsidiary of the Company namely Logan Construction Co., Ltd. (龍光工程建設有限公司), the Group has being engaged for the construction projects of Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司), Nanning Logan Century Property Co., Ltd. (南寧市龍光世紀房地產有限公司), Fangchenggangshi Tianjun Investment Co., Ltd. (防城港市天駿投資有限公司), Shantou Tianyue Investment Co., Ltd. (汕頭市天悅投資有限公司), Huizhou Daya Bay Investment Co., Ltd. (惠州大亞灣龍光投資有限公司), Shantou Jinjun Investment Consulting Co., Ltd. (汕頭市金駿投資諮詢有限公司) and Guangxi King Kerry Estate Co., Ltd. (廣西金凱利置業有限公司).

The Group also provides construction design service and construction management service to Guangxi King Kerry Estate Co., Ltd. (廣西金凱利置業有限公司), sells construction raw materials to Huizhou Daya Bay Investment Co., Ltd. (惠州大亞灣龍光投資有限公司) and Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司).

For details of these connected transaction, i.e. terms, please refer to the Prospectus — "Connected Transaction".

The Independent Non-Executive Directors have reviewed and confirmed that the above contracts has been entered into:

(i) in the ordinary and usual course of the business of the Group;

(ii) on normal commercial terms; and

(iii) in accordance with the relevant agreement governing them and on terms that are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

The detailed information of the above continuing connected transactions are set out in note 26 headed "Material Related Party Transactions and Balances" to the consolidated financial statements was granted wavier from strict compliance with the reporting, announcement and independent shareholders' approval requirements under the Listing Rules in respect of transactions described above subject to the aggregated value of each of these non-exempted continuing connected transactions described in the first paragraph under "CONTINUING CONNECTED TRANSACTION" for each financial year not exceeding the relevant annual caps set in the Company's prospectus dated 10 December 2013.

Sufficiency of Public Float

Rule 8.08(1)(a) of the Listing Rules requires there to be an open market in the securities to be maintained. This normally means that at least 25% of an issuer's total issued share capital must at all times be held by the public. However, Rule 8.08(1)(d) of the Listing Rules provides that the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, if the issuer meets the following requirements under Rule 8.08(1)(d) of the Listing Rules:

(a) the issuer will have an expected market capitalization at the time of listing of over HK$10.0 billion;

(b) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;

(c) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing documents;

(d) the issuer will confirm the sufficiency of the public float in successive annual reports after listing; and

(e) a sufficient portion (to be agreed in advance with the Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

The Stock Exchange had granted a waiver under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of 15% (or a higher percentage upon exercise of the over-allotment option as defined in the Company's prospectus dated 10 December 2013) of the Company's issued share capital (the "Company's Minimum Public Float") subject to:

(i) the Company's Minimum Public Float upon the listing date was 15%;

(ii) the sponsor and the Company were able to demonstrate satisfactory compliance with Rules 8.08(2) and 8.08(3) of the Listing Rules at the time of the listing;

(iii) the Company has implemented appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float; and

(iv) the Company has made appropriate disclosure of the lower prescribed percentage of public float in the Company's prospectus dated 10 December 2013 and confirms sufficiency of public float as at the date of this annual report.

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained on pages 24 to 34 of this annual report.

Use of Net Proceeds from Initial Public Offering

The net proceeds from the Listing (after deducting underwriting fees and related expenses) amounted to approximately RMB1,218.1 million, which are intended to be applied in the manner consistent with that in the Company's prospectus dated 10 December 2013.

Auditor

The consolidated financial statements for the year ended 31 December 2013 have been audited by KPMG, Certified Public Accountants, who shall retire at the forthcoming Annual General Meeting. A resolution will be proposed at the forthcoming Annual General Meeting to re-appoint KPMG, Certified Public Accountants, as auditor of the Company.

Professional Tax Advice Recommended

If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

Logan Property Holdings Company Limited

Ji Haipeng
Chairman

Independent Auditor's Report

KPMG

To the Shareholders of Logan Property Holdings Company Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Logan Property Holdings Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 46 to 119, which comprise the consolidated and company balance sheets as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and the Group as at 31 December 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
28 February 2014

Consolidated income statement

for the year ended 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Turnover	5	**11,119,424**	6,587,660
Direct costs		**(7,003,729)**	(4,027,359)
Gross profit		**4,115,695**	2,560,301
Other revenue	6(a)	**27,665**	33,775
Other net (loss)/income	6(b)	**(17,954)**	522
Selling and marketing expenses		**(304,131)**	(205,686)
Administrative expenses		**(424,655)**	(280,059)
Net increase in fair value of investment properties	13	**15,185**	836,652
Profit from operations		**3,411,805**	2,945,505
Finance costs	7(a)	**(103,140)**	(170,218)
Profit before taxation	7	**3,308,665**	2,775,287
Income tax	8(a)	**(1,252,362)**	(958,318)
Profit for the year		**2,056,303**	1,816,969
Attributable to:			
Equity shareholders of the Company		**2,024,156**	1,794,068
Non-controlling interests		**32,147**	22,901
Profit for the year		**2,056,303**	1,816,969
Earnings per share (RMB cents) – Basic and diluted	12	**47.35**	42.21

The notes on pages 54 to 119 form part of these consolidated financial statements. Details of dividend payable to equity shareholders of the Company to the profit for the year are set out in note 22(b).

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2013
(Expressed in Renminbi)

	2013 RMB'000	2012 RMB'000
Profit for the year	**2,056,303**	1,816,969
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas entities	**15,697**	(67)
Total comprehensive income for the year	**2,072,000**	1,816,902
Attributable to:		
Equity shareholders of the Company	**2,039,853**	1,794,001
Non-controlling interests	**32,147**	22,901
Total comprehensive income for the year	**2,072,000**	1,816,902

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

The notes on pages 54 to 119 form part of these consolidated financial statements.

Consolidated Balance Sheet

at 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Fixed assets	13		
Investment properties		**3,793,000**	3,736,000
Other property, plant and equipment		**97,233**	94,176
		3,890,233	3,830,176
Deferred tax assets	8(c)(ii)	**297,174**	245,514
		4,187,407	4,075,690
Current assets			
Inventories	15	**17,685,826**	13,273,524
Trade and other receivables	16	**1,315,974**	1,889,090
Tax recoverable	8(c)(i)	**116,972**	59,863
Restricted and pledged deposits	17	**678,226**	214,121
Cash and cash equivalents	18	**3,827,434**	2,536,868
		23,624,432	17,973,466
Current liabilities			
Trade and other payables	19	**9,728,560**	9,961,864
Bank loans	20	**2,178,909**	1,831,000
Other loans	21	**575,200**	404,096
Tax payable	8(c)(i)	**1,152,072**	624,847
		13,634,741	12,821,807
Net current assets		**9,989,691**	5,151,659
Total assets less current liabilities		**14,177,098**	9,227,349

at 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Non-current liabilities			
Bank loans	20	**5,320,442**	4,183,235
Other loans	21	**908,000**	200,000
Deferred tax liabilities	8(c)(ii)	**598,980**	693,353
		6,827,422	5,076,588
NET ASSETS		**7,349,676**	4,150,761
CAPITAL AND RESERVES			
Share capital	22(c)	**393,115**	–
Reserves		**6,942,573**	4,092,780
Total equity attributable to equity shareholders of the Company		**7,335,688**	4,092,780
Non-controlling interests		**13,988**	57,981
TOTAL EQUITY		**7,349,676**	4,150,761

Approved and authorised for issue by the board of directors on 28 February 2014

Ji Haipeng
Chairman

Lai Zhuobin
Executive Director

The notes on pages 54 to 119 form part of these consolidated financial statements.

Balance Sheet

at 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Fixed assets	13	**1,930**	2,636
Investments in subsidiaries	14	**10,211**	10,211
		12,141	12,847
Current assets			
Payments and other receivables	16	**3,808**	3,944
Cash and cash equivalents	18	**1,207,654**	315
		1,211,462	4,259
Current liability			
Other payables	19	**65,126**	32,299
Net current assets/(liabilities)		**1,146,336**	(28,040)
NET ASSETS/(LIABILITIES)		**1,158,477**	(15,193)
CAPITAL AND RESERVES	22		
Share capital		**393,115**	–
Reserves		**765,362**	(15,193)
TOTAL EQUITY/(DEFICIT)		**1,158,477**	(15,193)

Approved and authorised for issue by the board of directors on 28 February 2014

Ji Haipeng
Chairman

Lai Zhuobin
Executive Director

The notes on pages 54 to 119 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2013
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								
	Share capital	Share premium	Exchange reserve	PRC statutory reserves	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
	(note 22(c))	(note 22(d)(i))	(note 22(d)(ii))	(note 22(d)(iii))	(note 22(d)(iv))				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012	–	–	24,230	142,867	(187,488)	2,312,240	2,291,849	31,510	2,323,359
Changes in equity for 2012:									
Profit for the year	–	–	–	–	–	1,794,068	1,794,068	22,901	1,816,969
Other comprehensive income	–	–	(67)	–	–	–	(67)	–	(67)
Total comprehensive income for the year	–	–	(67)	–	–	1,794,068	1,794,001	22,901	1,816,902
Transfer to PRC statutory reserves	–	–	–	79,628	–	(79,628)	–	–	–
Capital injection	6,930	–	–	–	–	–	6,930	3,570	10,500
Arising on Reorganisation	(6,930)	–	–	–	6,930	–	–	–	–
At 31 December 2012	–	–	24,163	222,495	(180,558)	4,026,680	4,092,780	57,981	4,150,761
At 1 January 2013	–	–	24,163	222,495	(180,558)	4,026,680	4,092,780	57,981	4,150,761
Changes in equity for 2013:									
Profit for the year	–	–	–	–	–	2,024,156	2,024,156	32,147	2,056,303
Other comprehensive income	–	–	15,697	–	–	–	15,697	–	15,697
Total comprehensive income for the year	–	–	15,697	–	–	2,024,156	2,039,853	32,147	2,072,000
Transfer to PRC statutory reserves	–	–	–	290,057	–	(290,057)	–	–	–
Arising on Reorganisation	–	–	–	–	(15,079)	–	(15,079)	–	(15,079)
Dividend declared to non-controlling interests	–	–	–	–	–	–	–	(76,140)	(76,140)
Issuance of shares under the global initial public offering ("IPO"), net of listing expenses (note 22(c))	58,965	1,159,169	–	–	–	–	1,218,134	–	1,218,134
Capitalisation issue (note 22(c))	334,150	(334,150)	–	–	–	–	–	–	–
At 31 December 2013	393,115	825,019	39,860	512,552	(195,637)	5,760,779	7,335,688	13,988	7,349,676

The notes on pages 54 to 119 form part of these consolidated financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Operating activities			
Profit before taxation		**3,308,665**	2,775,287
Adjustments for:			
Bank interest income		**(11,608)**	(7,557)
Finance costs		**103,140**	170,218
Depreciation		**16,039**	15,138
Net loss/(gain) on disposal of other property, plant and equipment		**140**	(110)
Net loss/(gain) on disposal of investment properties		**16,421**	(781)
Net increase in fair value of investment properties		**(15,185)**	(836,652)
Operating profit before changes in working capital		**3,417,612**	2,115,543
Increase in inventories		**(3,046,869)**	(1,374,317)
Increase in trade and other receivables		**(262,582)**	(1,171,920)
(Decrease)/increase in trade and other payables		**(309,746)**	2,521,728
Cash (used in)/generated from operations		**(201,585)**	2,091,034
Tax paid			
PRC tax paid		**(928,279)**	(442,883)
Net cash (used in)/generated from operating activities		**(1,129,864)**	1,648,151
Investing activities			
Addition to investment properties		**(62,698)**	(9,635)
Addition to investment properties under development		**(46,473)**	(41,496)
Addition to other property, plant and equipment		**(27,511)**	(22,449)
Proceeds from disposal of other property, plant and equipment		**979**	522
Proceeds from non-current assets classified as held for sale		**–**	6,320
Proceeds from disposal of investment properties		**50,935**	60,041
Interest received		**11,608**	7,557
Decrease in restricted deposits		**9,228**	17,166
Net cash (used in)/generated from investing activities		**(63,932)**	18,026

	Note	2013 RMB'000	2012 RMB'000
Financing activities			
Proceeds from bank loans		**4,900,783**	3,136,255
Repayment of bank loans		**(3,387,519)**	(2,857,620)
Proceeds from other loans		**1,285,000**	300,000
Repayment of other loans		**(405,896)**	–
Increase in pledged deposits		**(473,333)**	(177,028)
Interest and other borrowing costs paid		**(636,715)**	(501,126)
Capital contribution from equity shareholders of the Company		**–**	6,930
Capital contribution from a non-controlling shareholder		**–**	3,570
Cash distributed to the founder on Reorganisation		**(15,079)**	–
Issuance of new shares under IPO, net of listing expenses		**1,218,134**	–
Net cash generated from/(used in) financing activities		**2,485,375**	(89,019)
Net increase in cash and cash equivalents		**1,291,579**	1,577,158
Cash and cash equivalents at 1 January		**2,536,868**	959,681
Effect of foreign exchange rate changes		**(1,013)**	29
Cash and cash equivalents at 31 December	18	**3,827,434**	2,536,868

The notes on pages 54 to 119 form part of these consolidated financial statements.

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

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

2 Significant Accounting Policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group are set out below.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Statement of compliance (continued)

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

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

The Group has adopted these HKFRSs in prior years. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) Basis of preparation

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries.

The financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis except for investment properties are stated at their fair value (see note 2(d)).

The preparation of the financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The income and expenses of a subsidiary are included in the financial statements from the date that control commences until the date that control ceases. Merger accounting is adopted for common control combinations in which all of the consolidating entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and control is not transitory.

An investment in a subsidiary is consolidated into the financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in accordance with notes 2(l) or (m) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries and non-controlling interests (continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retain in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(g)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the balance sheet date and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(r)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(g)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(g).

(e) Other property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation (see note 2(f)) and impairment losses (see note 2(h)):

– other land and buildings; and

– other items of plant and equipment.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Other property, plant and equipment (continued)

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of borrowing costs (see note 2(t)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(f) Depreciation of fixed assets

(i) Investment properties and investment properties under development

No depreciation is provided on investment properties and investment properties under development.

(ii) Properties under development for own use

No depreciation is provided until such time as the relevant assets are complete and put into use.

(iii) Other land and buildings

Depreciation is provided on the cost of the leasehold land of properties over the unexpired terms of the leases. Costs of buildings thereon are depreciated on a straight-line basis over the unexpired terms of the respective leases.

(iv) Furniture, fixtures and other fixed assets

Depreciation is calculated to write-off the cost of furniture, fixtures and other fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 3 to 10 years.

Where parts of an item of furniture, fixtures and other fixed assets have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

2 Significant Accounting Policies (Continued)

(g) Leased assets (continued)

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exception:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if it were held under a finance lease (see note 2(d)).

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(d)) or is held for development for sale (see note 2(i)).

(h) Impairment of assets

(i) Impairment of other receivables

Other current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of assets (continued)

(i) Impairment of other receivables (continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

  Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

– fixed assets (other than properties carried at revalued amounts);

– pre-paid interests in leasehold land classified as being held under an operating lease; and

– investments in subsidiaries in the Company's balance sheet.

If any such indication exists, the asset's recoverable amount is estimated.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of assets (continued)

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(h)(i) and (ii)).

(i) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost and net realisable value are determined as follows:

(i) Properties held for development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(ii) Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 2(t)). Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs of completion and costs to be incurred in selling the property.

(iii) Completed properties available for delivery

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties available for delivery comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2 Significant Accounting Policies (Continued)

(j) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 2(r)(iii). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the balance sheet date are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the consolidated balance sheet as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included under "Trade and other receivables". Amounts received before the related work is performed are presented as "Receipts in advance" under "Trade and other payables".

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(h)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(q)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(o) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of the Group participate in retirement plans (defined contribution retirement plans) managed by respective local governments of the municipalities in which the Group operates in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. The Group has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations, or items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2 Significant Accounting Policies (Continued)

(p) Income tax (continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(d), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the balance sheet date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when liability to pay the related dividend is recognised.

2 Significant Accounting Policies (continued)

(p) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

2 Significant Accounting Policies (Continued)

(q) Financial guarantees issued, provisions and contingent liabilities (continued)

(i) Financial guarantees issued (continued)

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(q)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue from the sale of properties is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the properties are completed and delivered to the buyers. Revenue from the sale of properties excludes business tax and other sales related taxes and is after deduction of any trade discounts. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the balance sheet as receipts in advance.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition (continued)

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Construction income

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(v) Government subsidies

Government subsidies are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Subsidies that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(vi) Design fee and construction management service income

Design fee and construction management service income are recognised at the time when the services are provided.

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Translation of foreign currencies (continued)

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into RMB at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Accounting Estimates and Judgments

The key sources of estimation uncertainty and critical accounting judgments in applying the Group's accounting policies are described below.

(a) Valuation of investment properties

As described in note 13, investment properties are stated at fair value based on the valuation performed by an independent firm of professional surveyors after taking into consideration the comparable market transactions and the net rental income allowing for reversionary income potential.

In determining the fair value, the valuers have based on a method of valuation which involves, inter-alia, certain estimates including current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised its judgment and is satisfied that the method of valuation is reflective of the current market condition.

(b) Impairment of non-current assets

If circumstances indicate that the carrying amounts of fixed assets (other than investment properties) may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgments, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(c) Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties available for delivery, management refers to prevailing market data such as recent sales transactions, market survey reports available from independent property valuers and internally available information, as bases for evaluation.

In respect of properties under development for sale, the estimate of net realisable value requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from these properties. These estimates require judgment as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

3 Accounting Estimates and Judgments (continued)

(d) Construction contracts

As explained in policy notes 2(j) and 2(r)(iii) revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(e) Land Appreciation Tax ("LAT")

As explained in note 8(a)(iv), the Group has estimated, made and included in tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Significant judgment is required in determining the level of provision, as the calculation of which depends on the ultimate tax determination. Given the uncertainties of the calculation basis of LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at each balance sheet date. Any increase or decrease in actual outcomes/estimates would affect income statement in the period in which such determination is made.

(f) Recognition of deferred tax assets

The realisability of deferred tax assets mainly depends on whether it is probable that future taxable profits or taxable temporary differences will be available against which deferred tax assets can be utilised. In cases where the actual future taxable profits or taxable temporary differences generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss for the period in which such reversal takes place.

4 Financial Risk Management and Fair Values of Financial Instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, and trade and other receivables. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has limit exposure to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

Regular review and follow-up actions are carried out on overdue amounts of installments receivable from sale of properties and receivable from construction contracts, which enable management to assess their recoverability and to minimise exposure to credit risk. In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover the expected cash demands, subject to approval by the Company's board of directors. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

The following tables show the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

Group

	2013					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Balance sheet carrying amount RMB'000
Trade payables	2,406,448	276,960	20,470	–	2,703,878	2,703,878
Other payables and accrued charges	241,106	–	–	–	241,106	241,106
Bank loans	2,717,819	667,253	4,726,718	922,421	9,034,211	7,499,351
Other loans	702,452	949,665	–	–	1,652,117	1,483,200
Amounts due to related companies	161,063	–	–	–	161,063	161,063
	6,228,888	1,893,878	4,747,188	922,421	13,792,375	12,088,598
Financial guarantees issued: – Maximum amount guaranteed (Note 25)	3,372,691	–	–	–	3,372,691	

	2012					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Balance sheet carrying amount RMB'000
Trade payables	1,566,186	221,458	–	–	1,787,644	1,787,644
Other payables and accrued charges	355,078	–	–	–	355,078	355,078
Bank loans	2,228,404	2,651,479	1,341,956	1,117,812	7,339,651	6,014,235
Other loans	431,960	211,357	–	–	643,317	604,096
Amounts due to related companies	1,388,076	–	–	–	1,388,076	1,388,076
Amount due to a non-controlling shareholder	56,827	–	–	–	56,827	56,827
	6,026,531	3,084,294	1,341,956	1,117,812	11,570,593	10,205,956
Financial guarantees issued: – Maximum amount guaranteed (Note 25)	1,824,451	–	–	–	1,824,451	

4 Financial Risk Management and Fair Values of Financial Instruments (continued)

(b) Liquidity risk (continued)

Company

	2013					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Balance sheet carrying amount RMB'000
Other payables	12,937	–	–	–	12,937	12,937
Amounts due to subsidiaries	22,784	–	–	–	22,784	22,784
Amounts due to related companies	29,405	–	–	–	29,405	29,405
	65,126	–	–	–	65,126	65,126
Financial guarantees issued: – Maximum amount guaranteed (Note 25)	424,201	–	–	–	424,201	

	2012					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Balance sheet carrying amount RMB'000
Other payables	353	–	–	–	353	353
Amounts due to a subsidiaries	31,542	–	–	–	31,542	31,542
Amounts due to a related companies	404	–	–	–	404	404
	32,299	–	–	–	32,299	32,299
Financial guarantees issued: – Maximum amount guaranteed (Note 25)	436,280	–	–	–	436,280	

(c) Interest rate risk

The Group's interest rates risk arises primarily from cash and cash equivalents, restricted and pledged deposits and bank borrowings issued at variable rates.

The Group does not anticipate significant impact to cash and cash equivalents and the pledged deposits because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank loans of the Group is disclosed in note 20(i) to the financial statements. The Group does not carry out any hedging activities to manage its interest rate exposure.

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk (continued)

Sensitivity analysis

At 31 December 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and total equity attributable to equity shareholders of the Company by approximately RMB57,745,000 (2012: RMB45,107,000) in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2012.

(d) Currency risk

Almost all the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of RMB against Hong Kong dollars as a result of its investment in the PRC and certain of the general and administrative expenses settled in Hong Kong dollars. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government.

(e) Fair value measurement

Fair values of assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their values as at 31 December 2012 and 2013.

The carrying values of trade and other receivables, cash and cash equivalents, trade and other payables, current portion other loans and current portion bank loans are estimated to approximate their fair values based on the nature or short-term maturity of these financial instruments.

5 TURNOVER AND SEGMENT REPORTING

(a) Turnover

Turnover represents income from sale of properties, rental income and income from construction earned during the year, net of business tax and other sales related taxes and discounts allowed, and is analysed as follows:

	2013 RMB'000	2012 RMB'000
Sale of properties	**10,384,799**	6,296,738
Rental income	**60,159**	55,384
Construction income	**674,466**	235,538
	11,119,424	6,587,660

(b) Segment reporting

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

– Property development: this segment develops and sells residential properties and retail shops.

– Property leasing: this segment leases office units and retail shops to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the PRC.

– Construction contracts: this segment constructs office premises and residential buildings for external customers and for group companies. Currently the Group's activities in this regard are carried out in the PRC.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

5 Turnover and Segment Reporting (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

The measure used for reporting segment profit is adjusted the profit before finance costs, income tax, depreciation and amortisation, and are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition, management is provided with segment information concerning revenue (including inter segment sales), interest income and expense from cash balances and borrowings managed directly by the segments and depreciation to non-current segment assets used by the segments in their operations. Segment assets and liabilities are not reported to the Group's senior executive management regularly.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below.

For the year ended 31 December 2013

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

5 TURNOVER AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

For the year ended 31 December 2012

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

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

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

5 Turnover and Segment Reporting (continued)

(b) Segment reporting (continued)

(iii) Geographic information

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

6 Other Revenue and Other Net (Loss)/Income

(a) Other revenue

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

(b) Other net (loss)/income

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

7 Profit Before Taxation

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

(a) Finance costs

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

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

(b) Staff costs

	2013 RMB'000	2012 RMB'000
Salaries, wages and other benefits	**233,668**	167,786
Contributions to defined contribution retirement plans	**17,404**	10,317
	251,072	178,103
Less: Amount capitalised	**(6,106)**	(10,272)
	244,966	167,831

7 PROFIT BEFORE TAXATION (CONTINUED)

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

(c) Other items

	2013 RMB'000	2012 RMB'000
Depreciation	**23,117**	23,452
Less: Amount capitalised	**(7,078)**	(8,314)
	16,039	15,138
Rentals receivable from investment properties	**(60,159)**	(55,384)
Less: Direct outgoings	**551**	1,219
	(59,608)	(54,165)
Cost of properties sold	**6,422,976**	3,825,570
Cost of construction	**580,202**	200,570
Auditors' remuneration	**8,402**	3,550
Operating lease charges: minimum lease payments for land and buildings	**9,077**	9,702

8 INCOME TAX

(a) Income tax in the consolidated income statement represents:

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

8 Income Tax (Continued)

(a) Income tax in the consolidated income statement represents: (continued)

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

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

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

(iv) LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

(b) Reconciliation between income tax expense and accounting profit before taxation at applicable tax rates:

	2013 **RMB'000**	2012 RMB'000
Profit before taxation	**3,308,665**	2,775,287
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	**818,142**	696,972
Tax effect of non-taxable income	**(877)**	(260)
Tax effect of non-deductible expenses	**9,049**	7,932
Utilisation of previously unrecognised tax losses	**(4,083)**	(1,545)
Effect of tax losses not recognised	**208**	909
LAT	**560,015**	334,116
Tax effect of deductible LAT	**(130,092)**	(79,806)
Actual income tax expense	**1,252,362**	958,318

8 INCOME TAX (CONTINUED)

(c) Income tax in the consolidated balance sheet represents:

(i) Current taxation

	Group	
	2013 RMB'000	2012 RMB'000
CIT		
At 1 January	**344,182**	161,371
Provision for the year	**838,380**	454,628
CIT tax paid	**(653,210)**	(271,817)
At 31 December	**529,352**	344,182
LAT		
At 1 January	**216,302**	53,252
Provision for the year	**560,015**	334,116
LAT tax paid	**(275,069)**	(171,066)
At 31 December	**501,248**	216,302
Withholding tax		
At 1 January and 31 December	**4,500**	4,500
	1,035,100	564,984
Representing:		
Tax recoverable	**(116,972)**	(59,863)
Tax payable	**1,152,072**	624,847
	1,035,100	564,984

8 INCOME TAX (CONTINUED)

(c) Income tax in the consolidated balance sheet represents: (continued)

(ii) Deferred tax assets and liabilities recognised

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Group					
	Revaluation of investment properties	Unrealised gain on intra-group transactions	Temporary differences arising from LAT provisions	Unused tax losses (note)	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax arising from:						
At 1 January 2012	491,454	(146,898)	(24,730)	(44,413)	2,852	278,265
Charged/(credited) to the consolidated income statement	197,819	17,405	(41,913)	(4,965)	1,228	169,574
At 31 December 2012 and 1 January 2013	**689,273**	**(129,493)**	**(66,643)**	**(49,378)**	**4,080**	**447,839**
(Credited)/charged to the consolidated income statement	**(8,510)**	**(25,857)**	**(79,664)**	**(32,142)**	**140**	**(146,033)**
At 31 December 2013	**680,763**	**(155,350)**	**(146,307)**	**(81,520)**	**4,220**	**301,806**

	Group	
	2013	2012
	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated balance sheet	**(297,174)**	(245,514)
Net deferred tax liabilities recognised in the consolidated balance sheet	**598,980**	693,353
	301,806	447,839

Note: In assessing the realisability of deferred tax assets in respect of the Group's subsidiaries which suffered losses in current or preceding period, management considers the projected future taxable income of these subsidiaries. Accordingly, the Group has recognised deferred tax assets of RMB81,520,000 as at 31 December 2013 (2012: RMB49,378,000) as the Group estimates that these subsidiaries have properties development projects which are probable to generate sufficient future taxable profits to support their utilisation.

8 Income Tax (Continued)

(d) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following item:

	Group	
	2013	2012
	RMB'000	RMB'000
Unused tax losses		
– PRC (note)	**7,744**	9,161

Note: The Group has not recognised deferred tax assets in respect of unused tax losses of certain subsidiaries as it is not probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

The unused tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose. As at 31 December 2013, tax losses of RMB339,000, RMB2,086,000, RMB2,012,000, RMB2,473,000 and RMB834,000 will expire, if unused, by the end of 2014, 2015, 2016, 2017 and 2018, respectively.

9 Directors' Remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	2013				
	Fees RMB'000	Basic salaries, allowances and benefits in kind RMB'000	Bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive Directors					
Ji Haipeng ("Mr. Ji", also act as the Chairman of the Group)	–	4,249	880	57	5,186
Ji Jiande	–	1,427	523	19	1,969
Lai Zhuobin	–	817	208	34	1,059
Xiao Xu	–	807	288	42	1,137
Non-executive Director					
Kei Perenna Hoi Ting ("Ms. Kei")	78	–	–	–	78
Independents non-executive Directors (note (ii))					
Zhang Huaqiao	10	–	–	–	10
Liu Ka Ying, Rebecca	10	–	–	–	10
Cai Suisheng	10	–	–	–	10
Total	108	7,300	1,899	152	9,459

9 Directors' Remuneration (continued)

	2012				
	Fees RMB'000	Basic salaries, allowances and benefits in kind RMB'000	Bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive Directors					
Ji Haipeng ("Mr. Ji", also act as the Chairman of the Group)	–	3,310	740	43	4,093
Ji Jiande	–	921	360	32	1,313
Lai Zhuobin	–	522	168	28	718
Xiao Xu	–	522	168	42	732
Non-executive Director					
Kei Perenna Hoi Ting ("Ms. Kei")	–	–	–	–	–
Total	–	5,275	1,436	145	6,856

Notes:

(i) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year. No director waived or agreed to waive any emoluments during the year.

(ii) Mr. Zhang Huaqiao, Ms. Liu Ka Ying, Rebecca and Mr. Cai Suisheng were appointed as the Company's Independents Non-executive Directors on 18 November 2013.

10 Individuals with Highest Emoluments

Of the five individuals with the highest emoluments, two (2012: two) are directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other three (2012: three) individuals are as follows:

	2013 RMB'000	2012 RMB'000
Salaries, allowances and benefits in kind	3,739	3,000
Discretionary bonuses	704	750
Retirement scheme contributions	98	107
	4,541	3,857

The emoluments of the three (2012: three) individuals with the highest emoluments are within the following bands:

	2013 Number of individuals	2012 Number of individuals
HK$Nil to HK$1,000,000	–	–
HK$1,000,001 to HK$1,500,000	–	1
HK$1,500,001 to HK$2,000,000	2	2
HK$2,000,001 to HK$2,500,000	1	–
	3	3

No individual received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year. No individual waived or agreed to waive any emoluments during the year.

11 Profit Attributable to Equity Shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a loss of RMB45,236,000 (2012: RMB12,005,000) which has been dealt with in the financial statements of the Company.

12 Earnings Per Share

(a) Basic earnings per share

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

12 EARNINGS PER SHARE (CONTINUED)

(a) Basic earnings per share (continued)

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

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

	2013 **'000**	2012 '000
Weighted average number of shares		
Issued shares at 1 January	**1**	1
Effect of capitalisation issue (note 22(c))	**4,249,999**	4,249,999
Effect of issuance of new shares under the IPO (note 22(c))	**24,658**	–
Weighted average number of shares	**4,274,658**	4,250,000

(b) Diluted earnings per share

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

13 FIXED ASSETS

(a) Group

	Investment properties RMB'000	Investment properties under development RMB'000	Sub-total RMB'000	Other land and buildings RMB'000	Leasehold improve-ments RMB'000	Furniture, fixtures and other fixed assets RMB'000	Sub-total RMB'000	Total RMB'000
Cost or valuation:								
At 1 January 2013	3,546,000	190,000	3,736,000	34,072	36,123	123,783	193,978	3,929,978
Additions	62,698	46,473	109,171	–	11,116	16,395	27,511	136,682
Transfer to investment properties	20,679	(20,679)	–	–	–	–	–	–
Disposals	(67,356)	–	(67,356)	(457)	–	(6,344)	(6,801)	(74,157)
Surplus on revaluation	10,979	4,206	15,185	–	–	–	–	15,185
Exchange difference	–	–	–	–	(98)	(141)	(239)	(239)
At 31 December 2013	3,573,000	220,000	3,793,000	33,615	47,141	133,693	214,449	4,007,449
Representing:								
Cost	–	–	–	33,615	47,141	133,693	214,449	214,449
Valuation	3,573,000	220,000	3,793,000	–	–	–	–	3,793,000
	3,573,000	220,000	3,793,000	33,615	47,141	133,693	214,449	4,007,449
Accumulated depreciation:								
At 1 January 2013	–	–	–	4,644	17,543	77,615	99,802	99,802
Charge for the year	–	–	–	1,645	7,322	14,150	23,117	23,117
Written back on disposals	–	–	–	(443)	–	(5,239)	(5,682)	(5,682)
Exchange difference	–	–	–	–	(19)	(2)	(21)	(21)
At 31 December 2013	–	–	–	5,846	24,846	86,524	117,216	117,216
Net book value:								
At 31 December 2013	3,573,000	220,000	3,793,000	27,769	22,295	47,169	97,233	3,890,233

13 FIXED ASSETS (CONTINUED)

(a) Group (continued)

	Investment properties RMB'000	Investment properties under development RMB'000	Sub-total RMB'000	Other land and buildings RMB'000	Leasehold improve-ments RMB'000	Furniture, fixtures and other fixed assets RMB'000	Sub-total RMB'000	Total RMB'000
Cost or valuation:								
At 1 January 2012	2,658,000	217,000	2,875,000	34,072	22,645	116,588	173,305	3,048,305
Additions	9,635	41,496	51,131	–	13,478	8,971	22,449	73,580
Transfer to investment properties	138,570	(138,570)	–	–	–	–	–	–
Transfer from inventories	32,477	–	32,477	–	–	–	–	32,477
Disposals	(59,260)	–	(59,260)	–	–	(1,776)	(1,776)	(61,036)
Surplus on revaluation	766,578	70,074	836,652	–	–	–	–	836,652
At 31 December 2012	3,546,000	190,000	3,736,000	34,072	36,123	123,783	193,978	3,929,978
Representing:								
Cost	–	–	–	34,072	36,123	123,783	193,978	193,978
Valuation	3,546,000	190,000	3,736,000	–	–	–	–	3,736,000
	3,546,000	190,000	3,736,000	34,072	36,123	123,783	193,978	3,929,978
Accumulated depreciation:								
At 1 January 2012	–	–	–	3,132	9,764	64,818	77,714	77,714
Charge for the year	–	–	–	1,512	7,779	14,161	23,452	23,452
Written back on disposals	–	–	–	–	–	(1,364)	(1,364)	(1,364)
At 31 December 2012	–	–	–	4,644	17,543	77,615	99,802	99,802
Net book value:								
At 31 December 2012	3,546,000	190,000	3,736,000	29,428	18,580	46,168	94,176	3,830,176

13 FIXED ASSETS (CONTINUED)

(b) Company

	Leasehold improvements RMB'000
Cost:	
At 1 January 2013	**3,228**
Exchange difference	**(98)**
At 31 December 2013	**3,130**
Accumulated depreciation:	
At 1 January 2013	**592**
Charge for the year	**627**
Exchange difference	**(19)**
At 31 December 2013	**1,200**
Net book value:	
At 31 December 2013	**1,930**
Cost:	
At 1 January 2012	–
Additions	3,228
At 31 December 2012	3,228
Accumulated depreciation:	
At 1 January 2012	–
Charge for the year	592
At 31 December 2012	592
Net book value:	
At 31 December 2012	2,636

13 FIXED ASSETS (CONTINUED)

(c) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the balance sheet date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at each balance sheet date	**Fair value measurements as at each balance sheet date categorised into**		
		Level 1	**Level 2**	**Level 3**
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Group				
At 31 December 2013				
Fixed assets:				
– Investment properties	3,573,000	–	–	3,573,000
– Investment properties under developments	220,000	–	–	220,000
At 31 December 2012				
Fixed assets:				
– Investment properties	3,546,000	–	–	3,546,000
– Investment properties under developments	190,000	–	–	190,000

(Expressed in Renminbi)

13 Fixed Assets (Continued)

(c) Fair value measurement of properties (continued)

(i) Fair value hierarchy (Continued)

During the year ended 31 December 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2012: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the balance sheet dates in which they occur.

All of the Group's investment properties and investment properties under developments were revalued as at 31 December 2012 and 2013. The valuations were carried out by an independent firm of surveyors, DTZ Debenham Tie Leung Limited, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Group			
At 31 December 2013			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m.)	33–264 (198)
		Capitalisation rate	4.25%–6.0% (4.92%)
Investment properties under developments	Direct comparison approach	Market unit sale rate (RMB/sq.m.)	17,000–21,000 (18,832)
At 31 December 2012			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m.)	33–264 (192)
		Capitalisation rate	4.25%–6.0% (4.96%)
Investment properties under developments	Direct comparison approach	Market unit sale rate (RMB/sq.m.)	15,500–16,500 (15,687)

13 Fixed Assets (Continued)

(c) Fair value measurement of properties (continued)

(ii) Information about Level 3 fair value measurements (continued)

The fair values of investment properties is determined using the income capitalisation method by capitalising the rental income derived from the existing tenancies with due provisions for the reversionary income potential of the properties. The fair value measurement is positively correlated to the market monthly rental rate, and negatively correlated to capitalisation rate.

The investment properties under developments 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.

The movements during the year in the balance of Level 3 fair value measurements are set out in note 13(a) to these financial statements.

The gain/(loss) on disposal of investment properties and changes in fair values of investment properties and investment properties under developments are presented in “other net (loss)/income” and “net increase in fair value of investment properties” in the consolidated income statement respectively.

(d) The analysis of net book value of properties is as follows:

	Group	
	2013	2012
	RMB’000	RMB’000
In the PRC		
– under long leases	**368,000**	368,000
– under medium-term leases	**3,452,769**	3,397,428
	3,820,769	3,765,428

The Group’s certain investment properties, investment properties under development and properties under development for own use were pledged against the Group’s bank and other loans, details of which are set out in notes 20 and 21 respectively.

14 Investments in Subsidiaries

	Company	
	2013	2012
	RMB'000	RMB'000
Unlisted shares, at cost	**10,211**	10,211

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. All of them are established in the PRC unless otherwise stated.

		Proportion of ownership interest			
Name of subsidiaries	**Issued and fully paid/ registered capital**	**Group's effective interest**	**Held by the Company**	**Held by subsidiary**	**Principal activities**
Yuen Ming Investments Company Limited (incorporated in the BVI)	US$1	100%	100%	–	Investment holding
Noble Rhythm International Limited (incorporated in the BVI)	US$50,000	100%	100%	–	Investment holding
Yuen Ming (Hong Kong) Investments Company Limited (incorporated in Hong Kong)	HK$1	100%	–	100%	Investment holding
Kam Wang (Hong Kong) Investments Company Limited (incorporated in Hong Kong)	HK$1	100%	–	100%	Investment holding
Shenzhen Youkaisi Investment Co., Ltd. (note) (深圳市優凱思投資顧問有限公司)	RMB443,000,000	100%	–	100%	Investment holding and provision of consultancy services to group companies
Logan Construction Co., Ltd. (note) (龍光工程建設有限公司)	RMB80,000,000	91%	–	91%	Property construction and investment holding
Shantou Jiarun Property Co., Ltd. (note) (汕頭市佳潤房地產有限公司)	RMB10,000,000	100%	–	100%	Property development
Shantou Jinfengyuan Realty Co., Ltd. (note) (汕頭市金鋒園置業有限公司)	RMB66,000,000	100%	–	100%	Property development

(Expressed in Renminbi)

14 Investments in Subsidiaries (continued)

Name of subsidiaries	Issued and fully paid/ registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Guangzhou Logan Property Co., Ltd. (note) (廣州市龍光房地產有限公司)	RMB40,000,000	100%	–	100%	Property development
Guangzhou Logan Realty Co., Ltd. (note) (廣州市龍光置業有限公司)	RMB30,000,000	100%	–	100%	Property development
Dongguan Logan Property Co., Ltd. (note) (東莞市龍光房地產有限公司)	RMB50,000,000	100%	–	100%	Property development
Hainan Logan Property Development Co., Ltd. (note) (海南龍光房地產開發有限公司)	RMB20,000,000	100%	–	100%	Investment holding
Foshan Shunde Logan Realty Co., Ltd. (note) (佛山市順德區龍光置業房產有限公司)	RMB35,295,000	100%	–	100%	Property development and investment holding
Zhongshan Logan Property Co., Ltd. (note) (中山市龍光房地產有限公司)	RMB30,000,000	100%	–	100%	Property development and investment holding
Shantou Logan Property Co., Ltd. (note) (汕頭市龍光房地產有限公司)	RMB10,000,000	100%	–	100%	Property development and investment holding
Huizhou Logan Property Co., Ltd. (note) (惠州市龍光房地產有限公司)	RMB30,000,000	100%	–	100%	Property development
Huizhou Daya Bay Logan Property Co., Ltd. (note) (惠州大亞灣龍光房地產有限公司)	RMB10,000,000	100%	–	100%	Property development
Zhuhai Logan Property Development Co., Ltd. (note) (珠海市龍光房地產開發有限公司)	RMB30,000,000	100%	–	100%	Property development

(Expressed in Renminbi)

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Issued and fully paid/ registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Shantou Logan Realty Co., Ltd. (note) (汕頭市龍光置業有限公司)	RMB33,000,000	100%	–	100%	Property development and investment
Nanning Logan Property Development Co., Ltd. (note) (南寧市龍光房地產開發有限公司)	RMB50,000,000	100%	–	100%	Property development and investment holding
Hainan Junjun Realty Co., Ltd. (note) (海南金駿置業有限公司)	RMB351,800,000	100%	–	100%	Property development
Foshan Chancheng Logan Property Co., Ltd. (note) (佛山市禪城區龍光房地產有限公司)	RMB10,500,000	100%	–	100%	Property development
Zhongshan Jinjun Property Co., Ltd. (note) (中山市金駿房地產有限公司)	RMB10,000,000	100%	–	100%	Property development
Shantou Logan Jinjun Property Co., Ltd. (note) (汕頭市龍光金駿房地產有限公司)	RMB10,500,000	100%	–	100%	Property development
Shenzhen Logan Dongzhen Realty Co., Ltd. (note) (深圳市龍光東圳置業有限公司)	RMB30,000,000	100%	–	100%	Investment holding
Shenzhen Logan Property Co., Ltd. (note) (深圳市龍光房地產有限公司)	RMB28,000,000	100%	–	100%	Property development
Nanning Logan Junchi Property Development Co., Ltd. (note) (南寧市龍光駿馳房地產開發有限公司)	RMB35,000,000	100%	–	100%	Property development
Chengdu Logan Property Co., Ltd. (note) (成都市龍光房地產有限公司)	RMB10,000,000	100%	–	100%	Property development

(Expressed in Renminbi)

14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Issued and fully paid/ registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Nanning Logan Jinjun Property Development Co., Ltd. (南寧市龍光金駿房地產開發有限公司)	RMB50,000,000	100%	–	100%	Property development
Foshan Nanhai Logan Realty Co., Ltd. (佛山市南海區龍光置業房產有限公司)	RMB30,000,000	100%	–	100%	Property development
Foshan Logan Sunshine Seaward Property Co., Ltd. (佛山市龍光陽光海岸房地產有限公司)	RMB10,500,000	66%	–	66%	Property development
Huizhou Daya Bay Dongzhen Property Co., Ltd. (惠州大亞灣東圳房地產有限公司)	RMB30,000,000	100%	–	100%	Property development
Dongguan Logan Realty Co., Ltd. (東莞市龍光置業有限公司)	RMB10,500,000	100%	–	100%	Property development
Foshan Runjing Property Co., Ltd. (佛山市順德區龍光潤景房地產有限公司)	RMB10,000,000	100%	–	100%	Property development
Zhongshan Junchi Property Co., Ltd. (中山市駿馳房地產有限公司)	RMB10,500,000	100%	–	100%	Property development

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

15 INVENTORIES

	Group	
	2013	2012
	RMB'000	RMB'000
Construction		
Raw materials	**2,199**	11,867
Property development		
Properties held for development for sale	**4,486,934**	2,977,932
Properties under development for sale	**8,977,288**	7,781,690
Completed properties available for delivery	**4,219,405**	2,502,035
	17,683,627	13,261,657
	17,685,826	13,273,524

(a) The analysis of carrying value of properties is as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
In the PRC		
– under long leases	**17,683,627**	13,261,657
Including:		
– Properties expected to be completed after more than one year	**2,142,222**	330,887

(b) The Group's certain properties held for development for sale, properties under development for sale and completed properties available for delivery were pledged against the Group's bank loans, other loans and bank loans of related companies, details of which are set out in notes 20, 21 and 25(b) respectively.

16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables (note (i))	**377,959**	171,860	**–**	–
Prepayments and other receivables	**588,895**	468,884	**3,808**	3,944
Land deposits (note (v))	**260,000**	1,095,576	**–**	–
Amounts due from related companies (notes (vi) and 26(f)(i))	**73,293**	152,770	**–**	–
Amount due from a non-controlling shareholder (notes (vi) and 26(f)(iii))	**15,827**	–	**–**	–
	1,315,974	1,889,090	**3,808**	3,944

Notes:

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

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

(ii) Receivables which were neither overdue nor impaired relate to a wide range of customers for whom there was no recent history of default. Receivables which were overdue but not impaired relate to independent customers, for which have a good track record of trading with the Group or sufficient rental deposits are held to cover potential exposure to credit risk. Based on past experience, management considers that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

(iii) The Group's credit policy is set out in note 4(a).

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

(v) During the year ended 31 December 2012, the Group entered into four land grant contracts for acquisition of the land in the PRC. As at 31 December 2012, a total of RMB1,095,576,000 was paid and recognised as deposits for the acquisition of those four pieces of land. During the year, the acquisition of those four pieces of land was completed and respective land use right certificates were obtained.

During the year, the Group entered into a land grant contract for acquisition of the land in the PRC and as at 31 December 2013, a total of RMB260,000,000 was paid and recognised as deposit for the acquisition of the land.

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

17 Restricted and Pledged Deposits

	Group	
	2013	2012
	RMB'000	RMB'000
Restricted deposits	**14,206**	23,434
Pledged deposits	**664,020**	190,687
	678,226	214,121

The Group's certain bank deposits which were pledged as securities in respect of:

	Group	
	2013	2012
	RMB'000	RMB'000
Bank loans	**639,509**	176,500
Mortgage loan facilities granted by the banks to purchasers of the Group's properties	**24,511**	14,187
	664,020	190,687

18 Cash and Cash Equivalents

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and in hand	**3,827,434**	2,536,868	**1,207,654**	315

The Group's cash and bank balances at 31 December 2013 include RMB2,613,059,000 (2012: RMB2,535,166,000) placed with banks in the PRC, the remittance of which are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Trade payables (note (i))	**2,703,878**	1,787,644	**–**	–
Other payables and accrued charges	**241,106**	355,078	**12,937**	353
Customer deposits received	**267,195**	3,918	**–**	–
Rental and other deposits received	**8,367**	9,864	**–**	–
Receipts in advance	**6,346,951**	6,360,457	**–**	–
Amount due to subsidiaries (note (ii))	**–**	–	**52,189**	31,542
Amounts due to related companies (notes (ii) and 26(f)(ii))	**161,063**	1,388,076	**–**	404
Amount due to a non-controlling shareholder (notes (ii) and 26(f))	**–**	56,827	**–**	–
	9,728,560	9,961,864	**65,126**	32,299

Notes:

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

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

(ii) The amounts due to subsidiaries and related companies are interest-free, unsecured and repayable on demand. The amount due to a non-controlling shareholder at 31 December 2012 was interest-free, unsecured and fully settled during the year.

20 BANK LOANS

	Group	
	2013 RMB'000	2012 RMB'000
Bank loans		
– Secured	**7,499,351**	4,690,011
– Unsecured	**–**	1,324,224
	7,499,351	6,014,235

20 Bank Loans (continued)

Bank loans are repayable as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Within 1 year or on demand	**2,178,909**	1,831,000
After 1 year but within 2 years	**314,000**	2,431,580
After 2 years but within 5 years	**4,411,432**	1,072,000
After 5 years	**595,010**	679,655
	5,320,442	4,183,235
	7,499,351	6,014,235

Notes:

(i) The bank loans bear floating interest ranging from 2.0% to 9.3% (2012: 2.0% to 9.3%) per annum, and are secured by the following assets:

	Group	
	2013	2012
	RMB'000	RMB'000
Investment properties	**2,978,000**	2,671,000
Investment properties under development	**220,000**	190,000
Properties held for development for sale	**925,595**	1,081,184
Properties under development for sale	**4,736,349**	3,499,997
Completed properties available for delivery	**803,668**	908,631
Other land and building	**16,919**	17,854
Pledged deposits	**639,509**	176,500
	10,320,040	8,545,166

At 31 December 2012, bank loans of RMB540,000,000 were pledged by assets held by a related party (note 26(b)).

(ii) All of the Group's banking facilities are subject to the fulfillment of covenants relating to the subsidiaries' certain balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2013, none of the covenants relating to drawn down facilities had been breached (2012: none).

21 OTHER LOANS

	Group	
	2013	2012
	RMB'000	RMB'000
Other loans		
– Secured	**707,000**	304,096
– Unsecured	**776,200**	300,000
	1,483,200	604,096

Other loans are repayable as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Within 1 year or on demand	**575,200**	404,096
After 1 year but within 2 years	**908,000**	200,000
	1,483,200	604,096

Notes:

(i)

	Group	
	2013	2012
	RMB'000	RMB'000
Loan from China Railway Trust Co., Ltd. (note (a))	**195,000**	304,096
Loan from China Industrial International Trust Limited (note (b))	**–**	100,000
Loan from Western Trust Co., Ltd. (note (c))	**198,200**	200,000
Loan from Dailian Huaxin Trust Co., Ltd. (note (d))	**300,000**	–
Loan from Bohai International Trust Co., Ltd (note (e))	**130,000**	–
Loan from Shan-dong International Trust Corporation (note (f))	**460,000**	–
Loan from Yinhua (Beijing) Trust Co., Ltd (note (g))	**200,000**	–
	1,483,200	604,096

(a) The last year balance was secured and interest bearing at 15% per annum. The balance was fully settled during the year. The 2013 balance is secured (see note (ii)), interest bearing at 11.3% per annum and repayable within one year.

(b) The last year balance was unsecured, interest bearing at 9.5% per annum and fully settled during the year.

(c) The balance is unsecured, interest bearing at 7.05% per annum and repayable within one year.

(d) The balance is unsecured, interest bearing at 9.0% per annum and repayable within two years.

(e) The balance is secured (see note (ii)), interest bearing at 9.5% per annum and repayable within two years.

(f) The balance of RMB182,000,000 is secured (see note (ii)), interest bearing at 10% per annum and repayable within one year, and the remaining balance of RMB278,000,000 is unsecured, interest bearing at 8.5% per annum and repayable within two years.

(g) The balance is secured (35% of paid-in capital of a subsidiary), interest bearing at 9.9% per annum and repayable within two years.

21 OTHER LOANS (CONTINUED)

Notes: (continued)

(ii) The other loans of the Group are secured by the following assets:

	Group	
	2013 **RMB'000**	2012 RMB'000
Investment properties	**87,000**	–
Properties held for development for sale	**–**	78,487
Properties under development for sale	**644,155**	–
	731,155	78,487

22 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Company				
	Share capital RMB'000	**Share premium** RMB'000	**Exchange reserves** RMB'000	**Accumulated losses** RMB'000	**Total** RMB'000
At 1 January 2012	–	–	–	(3,718)	(3,718)
Changes in equity for 2012:					
Loss and total comprehensive income for the year	–	–	530	(12,005)	(11,475)
At 31 December 2012 and 1 January 2013	–	–	530	(15,723)	(15,193)
Changes in equity for 2013:					
Loss and total comprehensive income for the year	–	–	772	(45,236)	(44,464)
Issuance of new shares under the IPO, net of listing expenses (note 22(c))	58,965	1,159,169	–	–	1,218,134
Capitalisation issue (note 22(c))	334,150	(334,150)	–	–	–
At 31 December 2013	393,115	825,019	1,302	(60,959)	1,158,477

22 CAPITAL AND RESERVES (CONTINUED)

(b) Dividends

Dividends payable to equity shareholders of the Company attributable to the year

	2013 RMB'000	2012 RMB'000
Final dividend proposed after the balance sheet date of HK11 cents (equivalent to approximately RMB9 cents) per share (2012: Nil)	433,879	–

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

(c) Share capital

	2013 No. of shares '000	2013 Amount HKD'000	2012 No. of shares '000	2012 Amount HKD'000
Authorised:				
Shares of HK$0.1 each	100,000,000	10,000,000	3,800	380
Shares, issued and fully paid:				
At 1 January	1	–*	1	–*
Issuance of new shares under the IPO	750,000	75,000	–	–
Capitalisation issue	4,249,999	425,000	–	–
At 31 December	5,000,000	500,000	1	–*
RMB'000 equivalent at 31 December		393,115		–#

* Each represents HK$100

\# Represents RMB83

The Company was incorporated on 14 May 2010 with authorised capital of HK$380,000 divided into 3,800,000 of HK$0.1 each. 1 fully paid share of HK$0.1 was allotted and issued to Ms. Kei.

On 2 November 2012, the Company allotted and issued at par (i.e. HK$0.1 per ordinary share) an aggregate of 999 shares, out of which 939 shares were allotted and issued to Ms. Kei and 20 shares were allotted to each of Dragon Jubilee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, all of which are companies incorporated in the British Virgin Islands and are wholly owned by Ms. Kei.

22 Capital and Reserves (Continued)

(c) Share capital (continued)

Upon the completion of the Reorganisation on 1 April 2013, the Company became the holding company of the Group.

As at 31 December 2012, except for Guangdong Modern Construction Design and Consultation Co., Ltd. and Foshan Logan Sunshine Seaward Property Co., Ltd., all the companies comprising the Group were direct or indirect subsidiaries of the Company. The share capital in the consolidated balance sheet as at 31 December 2012 represented the Company's share capital of HK$100. The paid-in capital of Guangdong Modern Construction Design and Consultation Co., Ltd. and Foshan Logan Sunshine Seaward Property Co., Ltd. totalling RMB12,930,000 were included in the other reserve.

Pursuant to written resolutions of the Company's shareholders passed on 18 November 2013, the Company's authorised ordinary share capital was increased to HK$10,000,000,000 by the creation of an additional 99,996,200,000 shares of HK$0.1 each, ranking pari passu with the existing shares of the Company in all respects.

Capitalisation issue

Pursuant to written resolutions of the Company's shareholders passed on 18 November 2013, conditional upon the crediting of the share premium account of the Company as a result of the issue of shares pursuant to the global offering set out in the Prospectus, the directors had authorised to allot and issue a total of 4,249,999,000 shares, by way of capitalisation of the sum of HK$424,999,900 (equivalent to RMB334,150,000) standing to the credit of the share premium account of the Company, credited as fully paid at par to the shareholders as appearing on the register of members of the Company.

Issuance of shares under IPO

On 20 December 2013, the Company was successfully listed on the Stock Exchange following the completion of its IPO of 750,000,000 shares of HK$0.1 each issued at a price of HK$2.1 per share. Proceeds of HK$75,000,000 (equivalent to RMB58,965,000), representing the par value of shares issued, were credited to the Company's share capital. The remaining proceeds (net of listing expenses) of HK$1,474,393,000 (equivalent to RMB1,159,169,000) were credited to the share premium account.

(d) Nature and purpose of reserves

(i) Share premium

The share premium account is governed by the Cayman Companies Law and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

22 CAPITAL AND RESERVES (CONTINUED)

(d) Nature and purpose of reserves (continued)

(i) Share premium (continued)

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution of dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(s).

(iii) PRC statutory reserves

PRC statutory reserves include general reserve, statutory surplus reserve and statutory public reserve fund.

General reserve

The general reserve is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Statutory surplus reserve

According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(iv) Other reserve

The other reserve represents:

(1) The difference between the consideration paid arising from the Reorganisation and the paid-in capital of Shantou Jinfengyuen Realty Co., Ltd., Shantou Logan Realty Co., Ltd. and Shantou Jiarun Property Co., Ltd. and Shenzhen Yaukaisi Investment Co., Ltd.; and

(2) The difference between the capital injection and paid-in capital of Shantou Jinfengyuen Realty Co., Ltd. and Shantou Logan Realty Co., Ltd..

22 CAPITAL AND RESERVES (CONTINUED)

(d) Nature and purpose of reserves (continued)

(v) Distributability of reserves

At 31 December 2013, the aggregate amounts of the Company's reserves available for distribution to equity shareholders of the Company at 31 December 2013 was RMB765,362,000 (2012: RMBNil). After the balance sheet date, the directors proposed a final dividend of HK11 cents, equivalent to approximately RMB9 cents (2012: Nil) per share, amounting to RMB433,879,000 (2012: Nil). This dividend has not been recognised as a liability at the balance sheet date.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its property development projects, provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of net debt to equity ratio. This ratio is calculated as net debt divided by total equity of the Group. Net debt is calculated as total bank and other loans less cash and cash equivalents and restricted and pledged deposits.

The adjusted net debt to equity ratio at 31 December 2013 and 2012 was as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Total bank loans	**7,499,351**	6,014,235
Total other loans	**1,483,200**	604,096
	8,982,551	6,618,331
Less: Cash and cash equivalents	**(3,827,434)**	(2,536,868)
Restricted and pledged deposits	**(678,226)**	(214,121)
Net debt	**4,476,891**	3,867,342
Total equity	**7,349,676**	4,150,761
Net debt to equity ratio	**60.9%**	93.2%

Save as disclosed in the Directors' Report and note 21(i)(g), neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

23 COMMITMENTS

Commitments outstanding at balance sheet dates not provided for in the financial statements were as follows:

	2013 RMB'000	2012 RMB'000
Contracted for	3,883,596	2,497,505
Authorised but not contracted for	18,499,548	15,851,589
	22,383,144	18,349,094

Capital commitments mainly related to development expenditure for the Group's properties under development and expenditure in respect of future investment and property development.

24 SIGNIFICANT LEASING ARRANGEMENTS

(a) Lessor

The Group leases out a number of building facilities under operating leases, consisting primarily of retail shops attached to some property development projects and office space. The leases typically run for an initial period of 3 to 15 years, with an option to renew the leases after that date at which time all terms are renegotiated. Further details of the carrying value of the properties are contained in note 13.

The Group's total future minimum lease incomes under non-cancellable operating leases are receivable as follows:

	2013 RMB'000	2012 RMB'000
Within 1 year	66,034	58,855
After 1 year but within 5 years	124,618	183,812
After 5 years	13,165	14,938
	203,817	257,605

24 SIGNIFICANT LEASING ARRANGEMENTS (CONTINUED)

(b) Lessee

The Group leases office space under operating leases. The leases typically run for an initial period of 1 to 4 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

The Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2013 RMB'000	2012 RMB'000
Within 1 year	7,247	9,063
After 1 year but within 5 years	4,062	12,136
	11,309	21,199

25 CONTINGENT LIABILITIES

(a) Guarantees given to financial institutions for mortgages facilities granted to buyers of the Group's properties:

	2013 RMB'000	2012 RMB'000
Guarantees given to financial institutions for mortgages facilities granted to purchasers of the Group's properties	3,372,691	1,564,451

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the property units. Pursuant to the mortgage agreements signed between the Group and the banks, the guarantee will be released upon the issuance of the individual property ownership certificate. Should the mortgagors fail to pay the mortgage monthly installment before the issuance of the individual property ownership certificate; the banks can draw down the security deposits up to the amount of outstanding mortgage installments and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.

The amount of guarantee deposits required varies among different banks, but usually within a range of 3% to 5% of the mortgage loans granted to buyers, with prescribed capped amount. Such guarantees usually last for 3 months, according to the relevant record of the Group.

The management does not consider that the Group will sustain a loss under these guarantees during the year under guarantee, as the Group has not applied for individual property ownership certificates for these buyers and can take over the ownership of the related properties and sell the properties to recover any amounts paid by the Group to banks. The management also considers that the market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event that the buyers default payments to banks.

25 CONTINGENT LIABILITIES (CONTINUED)

(b) Assets pledged against bank and other loans of related companies:

	2013 RMB'000	2012 RMB'000
Properties held for development for sale	**–**	86,264
Completed properties available for delivery	**–**	147,875
	–	234,139

As at 31 December 2012, the above assets of the Group pledged against bank and other loans of related companies totalling amounted to RMB530,000,000.

(c) Guarantees given to financial institutions for bank and other loans granted to related companies

As at 31 December 2012, the Group provided guarantees to the bank and other loans of related companies totalling amounted to RMB260,000,000. The Group has not recognised any deferred income in respect of the guarantee as its fair value cannot be measured using observable market data and its transaction price was RMBNil. No guarantee was provided by the Group to the bank and other loans of related companies as at 31 December 2013.

(d) Guarantees given to financial institutions for bank loans granted to subsidiaries by the Company

The Company has given a guarantee in respect of banking facilities of the wholly-owned subsidiaries to the extent of RMB424,564,000 (2012: RMB437,886,000), of which RMB424,201,000 were utilised (2012: RMB436,280,000). At the balance sheet date, the directors do not consider it probable that a claim will be made against the Company under the guarantee. The Company has not recognised any deferred income in respect of the guarantee as its fair value cannot be reliably measured using observable market data and its transaction price was RMBNil (2012: RMBNil).

26 MATERIAL RELATED PARTY TRANSACTIONS

Material related party transactions identified during the year and balances with these related parties at those dates are summarised as below:

(a) Transactions entered into during the year

(i) Remuneration of key management personnel, including amounts paid to the directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2013 RMB'000	2012 RMB'000
Short-term employee benefits	**13,892**	8,773
Post-employment benefits	**–**	–
	13,892	8,773

26 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions entered into during the year (continued)

(ii) Construction contracts income, design fee income, sales of construction raw materials and construction management service income earned:

	2013 RMB'000	2012 RMB'000
Construction contracts income from related companies (note (a))	**674,466**	235,538
Design fee income from a related company (note (b))	**3,650**	7,419
Sales of construction raw materials to related companies (note (c))	**2,890**	782
Construction management service income from a related company (note (d))	**1,739**	2,861
	682,745	246,600

Notes:

(a) The Group being engaged for the construction projects of Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司)*, Nanning Logan Century Property Co., Ltd. (南寧市龍光世紀房地產有限公司)*, Fangchenggangshi Tianjun Investment Co., Ltd. (防城港市天駿投資有限公司)*, Shantou Tianyue Investment Co., Ltd. (汕頭市天悦投資有限公司)*, Huizhou Daya Bay Investment Co., Ltd. (惠州大亞灣龍光投資有限公司)*, Shantou Jinjun Investment Consulting Co., Ltd. (汕頭市金駿投資諮詢有限公司)* and Guangxi King Kerry Estate Co., Ltd. (廣西金凱利置業有限公司)**.

(b) The Group provides construction design service to Guangxi King Kerry Estate Co., Ltd. (廣西金凱利置業有限公司).

(c) The Group sells construction raw materials to Huizhou Daya Bay Investment Co., Ltd. (惠州大亞灣龍光投資有限公司) and Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司).

(d) The Group provides construction management service to Guangxi King Kerry Estate Co., Ltd. (廣西金凱利置業有限公司).

(iii) The directors of the Company are of the opinion that the related party transactions set out in note 26(a)(ii) were conducted on normal commercial terms and in the ordinary course of business.

(b) Related company's assets pledged against the Group's bank loans

As at 31 December 2012, bank loans of the Group amounted to RMB540,000,000 were pledged by land piece held by of a related company, Nanning Logan Century Property Co., Ltd. (南寧市龍光世紀房地產有限公司).

As at 31 December 2013, no bank loan of the Group was pledged by assets held by related companies of the Group.

26 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Bank and other loans guarantees provided by related companies/parties, the shareholder and the founder

	2013 RMB'000	2012 RMB'000
Joint guarantees provided by Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司), Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司)* and Mr. Ji	–	439,000
Joint guarantees provided by Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司), Mr. Ji and Mr. Yao Yaolin (Brother in law of Mr. Ji)	–	448,500
Joint guarantees provided by Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司) and Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司)	–	185,000
Joint guarantees provided by Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司) and Mr. Ji	–	1,428,330
Joint guarantees provided by Mr. Ji and Ms. Kei	–	291,225
Joint guarantees provided by Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司) and Mr. Ji Jiande (Brother of Mr. Ji)	–	300,000
Joint guarantees provided by Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司), Mr. Ji and Mr. Ji Jiande (Brother of Mr. Ji)	–	–
Joint guarantees provided by Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司), Mr. Ji and Ms. Kei	–	145,055
Joint guarantees provided by Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司), Shantou Tinda Laowu Co., Ltd. (汕頭市天達勞務有限公司)** and Mr. Ji	–	750,000
Guarantees provided by Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司)	–	830,000
Guarantees provided by Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司)	–	1,483,800
	–	6,300,910

26 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Assets pledged against bank and other loans of related companies

	2013 RMB'000	2012 RMB'000
Guangdong Logan (Group) Co., Ltd (廣東龍光(集團)有限公司) and Shantou Tianyue Investment Co., Ltd. (汕頭市天悅投資有限公司)	–	147,875
Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司)	–	43,132
Huizhou Daya Bay Investment Co., Ltd. (惠州大亞灣龍光投資有限公司)	–	43,132
	–	234,139

(e) Guarantees given to financial institutions for bank and other loans granted to related companies

As at 31 December 2012, the Group provided guarantees for the bank loans of Shantou Tianyue Investment Co., Ltd. (汕頭市天悅投資有限公司) amounted to RMB80,000,000 and for other loans of Guangdong Logan (Group) Co., Ltd. (廣東龍光(集團)有限公司) and Shantou Tianyue Investment Co., Ltd. (汕頭市天悅投資有限公司) totally amounted to RMB180,000,000.

As at 31 December 2013, the Group did not provide any guarantees for the bank and other loans of related companies.

26 Material Related Party Transactions (continued)

(f) Balances with related companies/parties

		2013 RMB'000	2012 RMB'000
(i)	**Amounts due from related companies**		
	Fangchenggangshi Tianjun Investment Co., Ltd. (防城港市天駿投資有限公司)	**17,052**	16,472
	Nanning Logan Century Property Co., Ltd. (南寧市龍光世紀房地產有限公司)	**16,714**	26,653
	Huizhou Daya Bay Investment Co., Ltd. (惠州大亞灣龍光投資有限公司)	**13,921**	69,029
	Huizhou Daya Bay Tianhui Investment Co., Ltd. (惠州大亞灣天暉投資有限公司)*	**–**	8,260
	Shantou Tianyue Investment Co., Ltd. (汕頭市天悦投資有限公司)	**–**	3,600
	Shenzhen Logan Real Estate Co., Ltd. (深圳市龍光置業代理有限公司)*	**–**	280
	Guangxi King Kerry Estate Co., Ltd. (廣西金凱利置業有限公司)	**–**	617
	Foshan Shunde Logan Property Co., Ltd. (佛山市順德區龍光房地產有限公司)*	**–**	26,229
	Shenzhen Huida Investment Consulting Co., Ltd. (汕頭市金駿投資諮詢有限公司)*	**25,606**	1,630
		73,293	152,770
(ii)	**Amounts due to related companies**		
	Logan Real Estate Holdings Co., Ltd. (龍光地產股份有限公司)	**(136,798)**	(1,383,858)
	Shantou Longhuqu Long Feng Co., Ltd. (汕頭市龍湖區龍鋒實業有限公司)**	**–**	(4,218)
	Guangxi King Kerry Estate Co., Ltd. (廣西金凱利置業有限公司)	**(24,265)**	–
		(161,063)	(1,388,076)
(iii)	**Amount due from/(to) a non-controlling shareholder**		
	Guangdong Nanhai Luolan Ceramics Enterprises Group (廣東南海羅南陶瓷企業集團) (the non-controlling shareholder of Foshan Sunshine Seaward Property Co., Ltd.)	**15,827**	(56,827)

(Expressed in Renminbi)

26 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(g) Applicability of the Listing Rules relating to connected transaction

The related party transactions in respect of construction contracts income from related companies (note 26(a)(ii)) constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the Directors' Report. The related party transactions in respect of design fee income and construction management services income from a related company (note 26(a)(ii)) constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules, however they are exempt from the disclosures requirements in Chapter 14A of the Listing Rules.

Notes:

* Related companies that are controlled by Mr. Ji.

** Related companies that are substantially owned by the family members of Mr. Ji.

27 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date the directors proposed a final dividend. Further details are disclosed in note 22(b).

28 ULTIMATE CONTROLLING PARTY

At 31 December 2013, in the opinion of the directors of the Company, Ms. Kei, who is a non-executive director of the Company, is the ultimate controlling party of the Company.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2013

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2013 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*	1 January 2014
HKFRS 9, *Financial instruments*	Note

Note: The original effective date of 1 January 2015 is postponed and the new mandator, effective date is to be determined.

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Four Years' Financial Summary

Consolidated Results

	Year ended 31 December			
	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	**11,119,424**	6,587,660	3,447,474	2,851,659
Profit attributable to shareholders of the Company	**2,024,156**	1,794,068	1,247,583	926,251

Consolidated Assets, Liabilities and Equity

	At 31 December			
	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**4,187,407**	4,075,690	3,187,487	2,097,201
Current assets	**23,624,432**	17,973,466	13,405,167	9,986,814
Total assets	**27,811,839**	22,049,156	16,592,654	12,084,015
Current liabilities	**13,634,741**	12,821,807	9,596,124	5,938,292
Non-current liabilities	**6,827,422**	5,076,588	4,673,171	4,449,058
Total liabilities	**20,462,163**	17,898,395	14,267,295	10,387,350
Net assets	**7,349,676**	4,150,761	2,323,359	1,696,665
Equity attributable to shareholders of the Company	**7,335,688**	4,092,780	2,291,849	1,680,726
Non-controlling interests	**13,988**	57,981	31,510	15,939
Total equity	**7,349,676**	4,150,761	2,323,359	1,696,665