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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3380)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

INTERIM RESULTS HIGHLIGHTS

- Turnover of the Group for the six months ended 30 June 2014 increased by 43.4% to RMB4,779.8 million as compared to the corresponding period of previous year.
- Gross profit of the Group for the six months ended 30 June 2014 increased by 41.2% to RMB1,447.2 million as compared to the corresponding period of previous year.
- Profit attributable to equity shareholders increased by 195.4% to RMB1,286.3 million as compared to the corresponding period of previous year.
- Profit excluding changes in fair value of investment properties and the relevant deferred tax ("Core Profit") of the Group for the six months ended 30 June 2014 increased by 66.3% to RMB679.6 million as compared to the corresponding period of previous year. Core Profit margin increased by 1.9 percentage points to 14.2% as compared to the corresponding period of previous year.
- Contracted sales of the Group for the six months ended 30 June 2014 amounted to approximately RMB5,540.9 million, representing a slight decrease of 4.3% as compared to the corresponding period of previous year. The contracted saleable GFA of the Group for the six months ended 30 June 2014 amounted to 758,710 sq.m., which remained stable as compared to the corresponding period of previous year.
- Basic earnings per share was approximately RMB0.26. The Board does not recommend to declare any interim dividend for the six months ended 30 June 2014.
- Total land reserve of the Group as at 30 June 2014 was approximately 12,830,000 sq.m. and the average cost of the land reserve was RMB1,136 per sq.m.

INTERIM RESULTS

The Board of Directors (the "Board") of Logan Property Holdings Company Limited (the "Company") is pleased to announce the consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014 as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2014
(Expressed in Renminbi)

		Six months ended 30 June	
		2014	2013
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(audited)
Turnover	*2*	**4,779,750**	3,332,205
Direct costs		**(3,332,588)**	(2,307,004)
Gross profit		**1,447,162**	1,025,201
Other revenue		**35,549**	11,336
Other net loss		**(5,012)**	(4,872)
Selling and marketing expenses		**(141,948)**	(125,916)
Administrative expenses		**(199,026)**	(184,558)
Net increase in fair value of investment properties		**850,124**	40,506
Profit from operations		**1,986,849**	761,697
Finance costs	*3(a)*	**(46,577)**	(63,501)
Profit before taxation	*3*	**1,940,272**	698,196
Income tax	*4*	**(623,043)**	(255,937)
Profit for the period		**1,317,229**	442,259
Attributable to:			
Equity shareholders of the Company		**1,286,303**	435,386
Non-controlling interests		**30,926**	6,873
Profit for the period		**1,317,229**	442,259
Earnings per share ***(RMB cents)***			
– Basic and diluted	*5*	**25.73**	10.24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2014
(Expressed in Renminbi)

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Profit for the period	**1,317,229**	442,259
Other comprehensive income for the period (after tax and reclassification adjustments)		
Item that is or may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of overseas entities	**7,403**	9,678
Total comprehensive income for the period	**1,324,632**	451,937
Attributable to:		
Equity shareholders of the Company	**1,293,706**	445,064
Non-controlling interests	**30,926**	6,873
Total comprehensive income for the period	**1,324,632**	451,937

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014
(Expressed in Renminbi)

	Note	**At 30 June 2014** *RMB'000* **(unaudited)**	At 31 December 2013 *RMB'000* (audited)
Non-current assets			
Fixed assets			
– Investment properties		**4,611,000**	3,793,000
– Other property, plant and equipment		**117,900**	97,233
		4,728,900	3,890,233
Deferred tax assets		**343,742**	297,174
		5,072,642	4,187,407
Current assets			
Inventories		**20,914,661**	17,685,826
Trade and other receivables	*6*	**1,783,613**	1,315,974
Tax recoverable		**154,428**	116,972
Restricted and pledged deposits		**843,349**	678,226
Cash and cash equivalents		**5,691,990**	3,827,434
		29,388,041	23,624,432
Current liabilities			
Trade and other payables	*7*	**10,168,841**	9,728,560
Bank and other loans		**4,576,919**	2,754,109
Tax payable		**862,541**	1,152,072
		15,608,301	13,634,741
Net current assets		**13,779,740**	9,989,691
Total assets less current liabilities		**18,852,382**	14,177,098

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2014
(Expressed in Renminbi)

	Note	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000 (audited)
Non-current liabilities			
Bank and other loans		**7,135,452**	6,228,442
Senior notes	*8*	**1,847,618**	–
Deferred tax liabilities		**816,435**	598,980
		9,799,505	6,827,422
NET ASSETS		**9,052,877**	7,349,676
CAPITAL AND RESERVES			
Share capital		**393,115**	393,115
Reserves	*10*	**7,807,148**	6,942,573
Total equity attributable to equity shareholders of the Company		**8,200,263**	7,335,688
Non-controlling interests		**852,614**	13,988
TOTAL EQUITY		**9,052,877**	7,349,676

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial statements has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 28 August 2014.

The interim financial statements has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements.

The HKICPA has issued a few amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and one new Interpretation that are first effective for the current accounting period of the Group. None of these developments are relevant to the Group's consolidated financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

During the period, the Company issued senior notes with principal amount of US$300,000,000 due in 2019 (see note 8). The senior notes are accounted for according to the following accounting policy:

Senior notes

Senior notes of the Company are issued with early redemption clause at the option of the Company.

At initial recognition the redemption option is measured at fair value and presented as derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs that relate to the issue of the senior notes are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The fair value of the derivative component is subsequently remeasured at the end of each reporting period. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

The Company also granted share options to certain directors and employees during the period (see note 10). The share options are accounted for according to the following accounting policy:

Share options

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

The preparation of the interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The interim financial statements are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA. In addition, the interim financial statements have been reviewed by the Company's Audit Committee.

The financial information relating to the financial year ended 31 December 2013 that is included in the interim financial statements as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2013 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 February 2014.

2 TURNOVER AND SEGMENT REPORTING

(a) Turnover

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Sale of properties	**4,574,570**	2,967,480
Rental income	**31,242**	28,619
Construction income	**173,938**	336,106
	4,779,750	3,332,205

(b) Segment reporting

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

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

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

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

The Group's senior executive management regularly reviews the operating results attributable to each reportable segment.

(i) Segment results

For the six months ended 30 June 2014

	Property development *RMB'000*	Property leasing *RMB'000*	Construction contracts *RMB'000*	Total *RMB'000*
Revenue from external customers	**4,574,570**	**31,242**	**173,938**	**4,779,750**
Inter-segment revenue	**–**	**–**	**1,626,909**	**1,626,909**
Reportable segment revenue	**4,574,570**	**31,242**	**1,800,847**	**6,406,659**
Reportable segment profit	**1,113,866**	**31,242**	**3,081**	**1,148,189**
Bank interest income	**5,171**	**–**	**7,211**	**12,382**
Finance costs	**(33,688)**	**–**	**(8,769)**	**(42,457)**
Depreciation	**(6,462)**	**–**	**(7)**	**(6,469)**
Net increase in fair value of investment properties	**–**	**850,124**	**–**	**850,124**

For the six months ended 30 June 2013

	Property development *RMB'000*	Property leasing *RMB'000*	Construction contracts *RMB'000*	Total *RMB'000*
Revenue from external customers	2,967,480	28,619	336,106	3,332,205
Inter-segment revenue	–	–	1,082,597	1,082,597
Reportable segment revenue	2,967,480	28,619	1,418,703	4,414,802
Reportable segment profit	753,120	28,068	27,100	808,288
Bank interest income	3,275	–	1,724	4,999
Finance costs	(33,144)	–	(24,561)	(57,705)
Depreciation	(3,843)	–	(169)	(4,012)
Net increase in fair value of investment properties	–	40,506	–	40,506

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**6,406,659**	4,414,802
Elimination of inter-segment revenue	**(1,626,909)**	(1,082,597)
Consolidated turnover	**4,779,750**	3,332,205
Profit		
Reportable segment profit derived from the Group's external customers	**1,148,189**	808,288
Other revenue and other net loss	**30,537**	6,464
Depreciation	**(10,951)**	(8,497)
Finance costs	**(46,577)**	(63,501)
Net increase in fair value of investment properties	**850,124**	40,506
Unallocated head office and corporate expenses	**(31,050)**	(85,064)
Consolidated profit before taxation	**1,940,272**	698,196

(iii) *Geographic information*

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

3 PROFIT BEFORE TAXATION

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

		Six months ended 30 June	
		2014	2013
		RMB'000	*RMB'000*
(a)	**Finance costs**		
	Interest on bank and other loans and other borrowing costs	**435,787**	259,812
	Interest on senior notes	**14,800**	–
		450,587	259,812
	Less: Amount capitalised	**(404,010)**	(196,311)
		46,577	63,501
(b)	**Other items**		
	Depreciation	**13,434**	10,721
	Less: Amount capitalised	**(2,483)**	(2,224)
		10,951	8,497
	Cost of properties sold	**3,162,380**	2,022,098
	Net (profit)/loss on disposal of fixed assets	**(16,741)**	4,107
	Bank interest income	**(26,208)**	(5,252)

4 INCOME TAX

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Current tax		
Provision for PRC Corporate Income Tax ("CIT") for the period	**300,560**	170,127
Provision for PRC Land Appreciation Tax ("LAT") for the period	**151,596**	102,255
	452,156	272,382
Deferred tax		
Origination and reversal of temporary differences	**170,887**	(16,445)
	623,043	255,937

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

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

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

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

5 EARNINGS PER SHARE

(a) Basis earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2014 is based on the profit attributable to equity shareholders of the Company of RMB1,286,303,000 (six months ended 30 June 2013: RMB435,386,000) and the weighted average number of 5,000,000,000 shares (six months ended 30 June 2013: 4,250,000,000 shares) in issue during the six months ended 30 June 2014.

The weighted average number of shares in issue during the six months ended 30 June 2013 was based on the assumption that 4,250,000,000 shares of the Company in issue, comprising 1,000 shares in issue and 4,249,999,000 shares issued pursuant to the capitalisation issue, as if these shares were issued on 1 January 2013.

	Six months ended 30 June	
	2014	2013
	'000	*'000*
Issued ordinary shares at 1 January	**5,000,000**	1
Effect of capitalisation issue	**–**	4,249,999
Weighted average number of ordinary shares at 30 June	**5,000,000**	4,250,000

(b) Diluted earnings per share

There were no diluted potential shares in existence during the six months ended 30 June 2014 and 2013. The Company's share options as at 30 June 2014 do not give rise to any dilution effect to the earnings per share.

6 TRADE AND OTHER RECEIVABLES

	At 30 June 2014	At 31 December 2013
	RMB'000	*RMB'000*
Trade receivables *(note (i))*	**176,917**	377,959
Prepayment and other receivables	**690,937**	588,895
Land deposits	**761,762**	260,000
Amounts due from related companies	**108,569**	73,293
Amount due from a non-controlling shareholder	**37,079**	15,827
Senior notes redemption call option *(note 8)*	**8,349**	–
	1,783,613	1,315,974

Notes:

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

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Current or less than 1 month overdue	**142,050**	135,356
More than 1 month overdue and up to 3 months overdue	**423**	116,588
More than 6 months overdue and up to 1 year overdue	**24,660**	105,485
More than 1 year overdue	**9,784**	20,530
	176,917	377,959

(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) 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.

7 TRADE AND OTHER PAYABLES

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Trade payables *(note (i))*	**2,609,444**	2,703,878
Other payables and accrued charges	**621,414**	241,106
Customer deposits received	**107,340**	267,195
Rental and other deposits received	**10,540**	8,367
Receipts in advance	**6,252,690**	6,346,951
Amounts due to related companies	**567,413**	161,063
	10,168,841	9,728,560

Note:

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

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Due within 1 month or on demand	**1,324,880**	1,432,175
Due after 1 month but within 3 months	**334,898**	308,793
Due after 3 months but within 6 months	**290,738**	303,610
Due after 6 months but within 1 year	**343,408**	361,870
Due after 1 year	**315,520**	297,430
	2,609,444	2,703,878

8 SENIOR NOTES

On 28 May 2014, the Company issued senior notes with principal amount of US$300,000,000 due in 2019. The senior notes are interest bearing at 11.25% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 4 June 2019. At any time and from time to time before the maturity date, the Company may at its option redeem the senior notes, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

9 DIVIDENDS

Final dividend for the year ended 31 December 2013 was HK$550,000,000 (equivalent to RMB436,563,000), which was approved by the shareholders at the Annual General Meeting held on 15 May 2014, out of which HK$82,500,000 (equivalent to RMB65,484,000) (six months ended 30 June 2013: no dividend paid) was paid by 30 June 2014. The remaining amounts were fully accrued as dividends payable.

The Board resolved that no interim dividend for the six months ended 30 June 2014 will be distributed.

10 EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 29 May 2014, the Company granted share options to the Company's directors and employees (including certain senior managers or above and certain mid-level managers). The exercise of these share options would entitle the Company's directors and employees of the Group to subscribe for an aggregate of 25,480,000 shares (of which 4,950,000 shares are granted to Ji Haipeng ("Mr Ji", the Executive Director and the Chairman) and 164,610,000 shares of the Company respectively. The exercise price is HK$2.34 per share. Under the share option scheme, the share options granted to the directors and certain senior managers or above will be vested evenly over a period of four years starting from 29 May 2015 and ending on 28 May 2019, while the share options granted to certain mid-level managers will be vested evenly over a period of three years starting from 29 May 2015 and ending on 28 May 2018. These share options are exercisable within a period of six years from the date of grant (i.e. 29 May 2014) subject to the above vesting schedule. Each option gives the holders the right to subscribe for one ordinary share of the Company.

No options were exercised during the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

The weighted average value per share option granted during the period estimated at the date of grant using binomial model was HK$1.08. The weighted average assumptions used are as follows:

Fair value at measurement date	HK$1.08
Share price	HK$2.34
Exercise price	HK$2.34
Expected volatility	57.56%
Option life	6 years
Dividend yield	0%
Risk-free interest rate	1.26%

The expected volatility was based on statistical analysis of daily share average prices of group of listed companies in the similar industry over the one year immediately preceding the grant date, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends were estimated based on the dividend policy of the Group. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition had not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

11 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 19 May 2014, Jolly Gain Investments Limited ("Jolly Gain"), a wholly-owned subsidiary of the Company, entered into an agreement with Mr. Yao Yaojia ("Mr. Yao", brother in law of Mr. Ji) and Honk Jee Loong Holdings Company Limited ("HJL", wholly-owned by Mr. Yao). Pursuant to the agreement, Jolly Gain has agreed to acquire the entire issued share capital of King Kerry Investments Company Limited ("King Kerry"), from HJL at a consideration of RMB384 million. King Kerry in turn owned 95% interest in a property project in Guangxi. The transaction constituted a connected transaction to the Company under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and was approved by the independent shareholders of the Company at an extraordinary general meeting of the Company (the "EGM") held on 31 July 2014. The transaction was completed on 31 July 2014.

On 29 May 2014, the board of directors resolved to grant to Mr. Ji another 8,170,000 share options to subscribe for the Company's shares (the "Additional Options") at the exercise price of HK$2.340 per share on the same terms as the share options granted on 29 May 2014. The Additional Options constituted a connected transaction to the Company under the Listing Rules and was approved by the independent shareholders of the Company at the EGM held on 31 July 2014.

CHAIRMAN'S STATEMENT OF THE INTERIM REPORT OF LOGAN PROPERTY HOLDINGS COMPANY LIMITED

Dear shareholders,

On behalf of the Board, I am pleased to present the business review and prospects of Logan Property Holdings Company Limited ("Logan" or the "Company") and its subsidiaries (collectively the "Group" or "we") for the six months ended 30 June 2014 (the "Reporting Period").

Results and Ratings

As at 30 June 2014, the Group recorded contracted sales of RMB5,540.9 million, representing a slight decrease of 4.3% as compared to the corresponding period of previous year. The contracted saleable GFA amounted to 758,710 sq.m., which remained stable as compared to the corresponding period of previous year. Turnover for the six months ended 30 June 2014 amounted to RMB4,779.8 million, representing a significant increase of approximately 43.4% as compared with the corresponding period of previous year. Profit attributable to equity shareholders of the Company for the Reporting Period was RMB1,286.3 million, representing an increase of approximately 195.4% as compared with the six months ended 30 June 2013. Core Profit for the Reporting Period was approximately RMB679.6 million, representing an increase of 66.3% as compared with the corresponding period of previous year.

In the first half of 2014, Logan was rated by Moody's and Fitch, the international authorized rating agencies, for the first time with a rating of Ba3 and BB–, respectively, and the outlook for both of the ratings were stable. In the first half of 2014, leveraging on the remarkable results performance and outstanding comprehensive strengths, Logan was ranked 394th in the list of Top 500 Enterprises in China (中國500強企業排行榜) organized by Fortune China. Furthermore, Logan was also named as the Most Valuable Real Estate Enterprise for the Year (年度價值地產企業) and the Most Valuable Listed Real Estate Enterprise for the Year (年度最具價值地產上市企業) in the 4th Annual Meeting of the Most Valuable Real Estate Enterprises of China and the Billboard of the Most Valuable Real Estate Enterprises of China for 2014 organized by National Business Daily.

Market review and sales performance

In the first half of 2014, economic growth of China remained stable and the restructuring progress was smooth. Attributable to a series of moderate stimulating policy including targeted Reserve Requirement Ratio (RRR) cuts, tax reform and support to foreign trade, the economy picked up its growth momentum and the growth of GDP for the second quarter as compared to the corresponding period of previous year recovered to 7.5%. Moreover, both the proportion to the GDP attributable to the service industry and the value added growth of service industry exceeded that of the manufacturing industry, showing the transformation of China from a manufacturing-based economy to a service economy. We believe that the stable economic growth and improved economic structure underpin the healthy and sustainable development of the real estate sector as a cornerstone industry in China. In the first half of 2014, the development and sales data of the real estate market declined from the culmination in 2013. As a result, PRC local government began to adjust the relevant policies to cope with the different needs. Over 30 cities have loosen restrictions on housing sales, which is expected to be followed by other regions according to the market trend in the second half of the year. In terms of capital, the central government implemented various moderate stimulating measures including the "National Five Rules" and "Targeted RRR Cuts" to stabilize the rigid credit demand from home buyers. Among the contracted sales units in the first half of 2014, approximately more than 80% of which were with GFA less than 120 sq.m. and more than 90% of which were with selling price less than RMB1 million. While 68% of contracted sales units were by mortgage down payment, 4% were by installment payment and 28% of contracted sales units were by one-off payment. In view of the above, the Group developed products targeting at first-time home buyers and first-time upgraders in response to the market condition, and further refined the professional management level of all business departments. The results of operations of the Group maintained steady growth during the period of industrial adjustment.

During the period, the contracted sales of Group were principally generated from 18 projects located in 9 different cities, including Shantou, Dongguan and Zhongshan, 3 of which were new pre-sale projects. The sales of major projects of the Group in Huizhou remained as the local bestsellers, and the sales of projects in Nanning also ranked top. Most of the projects of the Group are planned to be sold in the second half of 2014. In the third and fourth quarters of 2014, pre-sale projects including Nanning Joy Residence (南寧君悅華庭) and Foshan Shine Street Building (佛山尚街大廈) will be launched. New phases of projects including Huizhou Logan City (惠州龍光城), Huizhou Grand Riverside Bay (惠州水悅龍灣), Dongguan Royal Castle (東莞君御華府), Shantou Flying Dragon Palace (汕頭龍騰嘉園), Nanning Royal Castle (南寧君御華府), Foshan Grand Riverside Bay (佛山水悅龍灣), Foshan Grand Joy Palace (佛山君悅華府), Foshan Joy Palace (佛山君悅龍庭), Fangchenggang Sunshine Seaward (防城港陽光海岸), Zhongshan Grand Joy Garden (中山水悅馨園) and Zhongshan Ocean Vista Residence (中山海悅華庭) will also be available for sale. In addition, the whole industry is expected to benefit from the policy adjustment in the second half of the year. We believe the sales performance in the Pearl River Delta, where approximately 60% of our land reserve are located and being one of the most prosperous areas in the PRC, will continue to improve in the upcoming future.

Land acquisition

In the first half of 2014, the Group adopted a prudent investment and low-cost acquisition strategy with focus on the regions and cities with established business. During the period under review, we acquired six new projects in Shantou, Foshan, Chengdu and other cities through public tendering with total planned GFA of 2,367,948 sq.m. The total contracted value was approximately RMB4,483 million and the average land cost was approximately RMB1,893 per sq.m. Such acquisitions have replenished the Group's product pipeline and optimized our regional business network strategically.

As of the Reporting Period, the total area of the land reserve of the Group was approximately 12.83 million sq.m. and the average land cost was approximately RMB1,136 per sq.m. These land parcels are characterized by their low land cost and high quality, which effectively drive the healthy and steady growth of the Company.

Financial management

In the first half of 2014, the Group was committed to further strengthening its financial structure and expanding its financing platform to streamline its capital structure, in order to support the long-term solid financial position of the Company. In May 2014, we completed the issue of a 5-year US$300,000,000 senior notes (the "Notes").

The average financing cost of the Group's interest-bearing liabilities was 8.4%, which remained stable as compared to 2013, laying solid foundation for the Group's sound development.

In the first half of 2014, the Group adopted a prudent financial strategy to ensure the balance of its income and expenditures.

Social responsibility

The Group devoted itself to undertake its social responsibility as a corporate citizen while developing its business. In the first half of 2014, the Group employed 55 senior management members. Through internal talents training scheme and allocating talents to different departments, the Group established professional teams for its development and encouraged its employees to demonstrate their talents.

In March 2014, the Group held the first business partner conference since its listing of the share on The Stock Exchange of Hong Kong Limited on 20 December 2013 (the "Listing Date") to freely exchange ideas and communicate with representatives of nearly 170 business partners from various cities. The conference was targeted to cement the corporation with these partners under the principles of respect, fair, reciprocity and mutual development. During the Reporting Period, the Group set up a comprehensive management system and professional team for customer relations, and held an activity themed "Dynamic Community & Passionate Summer" (活力社區、激情盛夏), which received high recognition from our customers.

Prospects

In the second half of 2014, with the primary goal to maintain a steady economic growth, it is expected that monetary policy of China will continue to be prudent and flexible and the market demand for housing will continue to increase. Leveraging on such favourable conditions, the Company will adopt flexible marketing strategies in response to the market changes to accelerate the clearance of stocks while maintaining reasonable profit margin. Furthermore, the Company will pay close attention to the market condition to grasp suitable investment opportunities as a result of such potential market changes. The Company will also acquire suitable quality land resources in developed regions in China such as Guangdong and Guangxi and focus on inelastic demand from home upgrade buyers and maintain high turnover.

We believe that there is still large room for substantial growth for the real estate industry. While increasing our investment in projects with inelastic demand in developed regions, we will also pay close attention to residential and high-end office projects in tier-one cities and core regions of high-growth cities, and grasp the opportunities to commence the investment and development of property projects for new urbanization, tourism, health care, retirement, in order to strive for a better and long-lasting growth of the Company in the future.

In addition, in order to refine the division of responsibilities, motivate the employees of the Group, enhance its management and better serve its customers, the Company will further strengthen its management level by streamlining its structure and duties, standardizing and refining its systems, formulating staff training program, increasing the value of projects and developing outstanding corporate governance culture. The Company will also refine the marketing strategies, expand the customer base, promote the sales of stocks, speed up cash recovery and increase investment to support the sound and healthy development of its business.

Acknowledgment

The development of the Group is largely attributable to the valuable support of all stakeholders and the unremitting efforts of its staff. On behalf of the Board, I hereby express my gratitude to all shareholders, staff, partners, customers and the community for their care and support. We will strive to create better value for shareholders and contribute to the society with outstanding results by leveraging on the Group's advantages.

Ji Haipeng
Chairman

Hong Kong
28 August 2014

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

For the six months ended 30 June 2014, the turnover and gross profit of the Group were RMB4,779.8 million and RMB1,447.2 million, representing increases of 43.4% and 41.2% as compared with the corresponding period of 2013, respectively. Profit for the six months ended 30 June 2014 attributable to the equity shareholders was RMB1,286.3 million, representing a significant increase of 195.4% as compared with the corresponding period of 2013. For the six months ended 30 June 2014, the core profit which represents profit for the year net of changes in fair value of investment properties and the relevant deferred tax ("Core Profit") increased to RMB679.6 million, representing a substantial increase of 66.3% as compared with the corresponding period of 2013. The Core Profit margin was 14.2%, representing an increase of 1.9 percentage points as compared with the corresponding period of 2013. Basic earnings per share was RMB0.26 (the corresponding period of 2013: RMB0.10).

As at 30 June 2014, the net debt-to-equity ratio of the Group was 77.6%.

Performance Highlights

	For the six months ended 30 June		
	2014	2013	Changes %
Contracted sales			
Contracted sales *(RMB'000)*	**5,540,900**	5,787,555	-4.3%
Contracted saleable GFA *(sq.m.)* (Note: excluding car parking spaces)	**758,710**	758,703	0.0%
Contracted average selling price ("ASP") *(RMB/sq.m.)* (Note: same as above)	**7,045**	7,537	-6.5%
Turnover	**4,779,750**	3,332,205	43.4%
Among which: sales of properties			
– Turnover from properties delivered *(RMB'000)*	**4,574,570**	2,967,480	54.2%
– GFA of properties delivered *(sq.m.)*[1]	**544,082**	412,738	31.8%
– ASP of properties delivered *(RMB/sq.m)*[1]	**7,108**	6,872	3.4%
Rental income *(RMB'000)*	**31,242**	28,619	9.2%
Construction income *(RMB'000)*	**173,938**	336,106	-48.2%
Gross profit *(RMB'000)*	**1,447,162**	1,025,201	41.2%
Profit for the period			
– Attributable to shareholders *(RMB'000)*	**1,286,303**	435,386	>100%
– Attributable to non-controlling interests *(RMB'000)*	**30,926**	6,873	>100%
Profit for the period (excluding changes in fair value of investment properties and the relevant deferred tax)	**679,637**	408,572	66.3%
– Attributable to shareholders *(RMB'000)*	**648,711**	401,699	61.5%
– Attributable to non-controlling interests *(RMB'000)*	**30,926**	6,873	>100%

	As at 30 June 2014	As at 30 December 2013	Changes %
Total assets *(RMB'000)*	**34,460,683**	27,811,839	23.9%
Cash and bank balances (including cash and cash equivalents and restricted and pledged deposits) *(RMB'000)*	**6,535,339**	4,505,660	45.0%
Total bank and other borrowings *(RMB'000)*	**13,559,989**	8,982,551	51.0%
Total equity *(RMB'000)*	**9,052,877**	7,349,676	23.2%

Key financial ratios

Gross profit margin(1)	**30.3%**	30.8%	
Core net profit margin(2)	**14.2%**	12.3%	
Net debt to equity ratio(3)	**77.6%**	60.9%	
Gearing ratio(4)	**73.7%**	73.6%	
Average borrowing cost(5)	**8.4%**	8.4%	

1. Excluding the GFA of car parking spaces.

Notes:

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

(2) Core net profit margin: Core profit ÷ turnover * 100%

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

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

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

Property Development

Contracted sales

In the first half of 2014, the Group recorded contracted sales of approximately RMB5,540.9 million, representing a slight decrease of 4.3% as compared with RMB5,787.6 million in the first half of 2013. The contracted saleable GFA (excluding car parking spaces) was 758,710 sq.m. in the first half of 2014, which remained stable as compared to the corresponding period of previous year. The ASP for the six months ended 30 June 2014 was RMB7,045 per sq.m., representing a decrease of 6.5% as compared with the corresponding period of the previous year. The decrease was mainly due to changes in product portfolio for sale with greater proportion of inelastic demand products and product positioning in line with the government policy and market conditions.

In the first half of 2014, Guangdong Pearl River Delta, Guangdong Shantou, Guangxi and other regions accounted for 45.3%, 19.6%, 31.5% and 3.6% of the contracted sales, respectively.

Contracted sales in the first half of 2014

	Amount *(RMB million)*	**Percentage**	**GFA** *(sq.m.)*	**Percentage**	**ASP (excluding car parking spaces)** *(RMB/sq.m.)*
Guangdong Pearl River Delta	**2,510.9**	**45.3%**	**341,565**	**45.0%**	**7,294**
Guangdong Shantou	**1,082.6**	**19.6%**	**160,105**	**21.1%**	**6,509**
Guangxi	**1,746.4**	**31.5%**	**238,496**	**31.4%**	**6,861**
Others	**201.0**	**3.6%**	**18,544**	**2.5%**	**9,126**
Total	**5,540.9**	**100%**	**758,710**	**100%**	**7,045**

Turnover from Sales of Properties

In the first half of 2014, the turnover from sales of properties amounted to RMB4,574.6 million, representing a significant increase of 54.2% as compared with RMB2,967.5 million in the first half of 2013 and accounting for 95.7% of the total turnover. GFA with recognized income (excluding car parking spaces) increased by 31.8% to 544,082 sq.m. in the first half of 2014 from 412,738 sq.m. in the first half of 2013. Guangdong Pearl River Delta, Guangdong Shantou, Guangxi and other regions contributed to the recognized income from sales of properties in the first half of 2014, accounting for 49.9%, 18.6%, 13.6% and 17.9%, respectively.

Turnover from sales of properties in the first half of 2014

	Amount *(RMB million)*	**Percentage**	**GFA** *(sq.m.)*	**Percentage**	**ASP (excluding car parking spaces) (RMB/sq.m.)**
Guangdong Pearl River Delta	**2,281.8**	**49.9%**	**338,242**	**62.2%**	**6,667**
Guangdong Shantou	**851.8**	**18.6%**	**17,332**	**3.2%**	**13,011**
Guangxi	**621.1**	**13.6%**	**86,273**	**15.9%**	**6,569**
Others	**819.9**	**17.9%**	**102,235**	**18.8%**	**8,020**
Total	**4,574.6**	**100%**	**544,082**	**100%**	**7,108**

Newly launched projects

As at 30 June 2014, the Group commenced construction of a total of six projects or project phases, with a total planned GFA of approximately 935,823 sq.m.

Completed projects

As at 30 June 2014, the Group completed seven projects or project phases with a total GFA of approximately 838,768 sq.m., including unsold and undelivered GFA of approximately 226,430 sq.m.

Developing projects

As at 30 June 2014, the Group had a total of 28 projects or project phases under construction, with a total GFA and a total saleable GFA of 4,799,678 sq.m. and 3,548,582 sq.m., respectively.

Land reserves

As at 30 June 2014, there were six newly acquired projects in total, with a total GFA of 2,367,948 sq.m. The average cost of land acquired was approximately RMB1,893 per sq.m.

List of Projects Newly Acquired during the First Half of 2014

No.	City	Project name	Date of acquisition	Equity	Site area	Total GFA	Land cost	Average land cost
					(sq.m.)	*(sq.m.)*	*(RMB million)*	*(RMB per sq.m.)*
1	Shantou	Royal & Seaward Sunshine Palace (御海陽光)	2014.01.28	51%	146,269	698,058	1,968	2,819
2	Chengdu	Joy Residence (君悅華庭)	2014.02.26	100%	84,930	359,393	561	1,560
3	Foshan	Grand Garden (水悅熙園)	2014.03.11	100%	53,918	264,199	507	1,918
4	Chengdu	Chenghua Project (成華項目)	2014.04.10	100%	31,803	308,964	501	1,621
5	Guilin	Kaifeng Road West Project (凱風路西側項目)	2014.05.23	100%	225,552	588,156	645	1,097
6	Haikou	Changliu South Region Project (長流南片區)	2014.06.12	100%	56,501	149,178	302	2,023
				Total	598,973	2,367,948	4,483	1,893

As at 30 June 2014, the total GFA of the land reserve of the Group amounted to approximately 12,827,015 sq.m., including completed projects with a total GFA of approximately 1,667,747 sq.m., projects under development with a total GFA of approximately 4,799,678 sq.m., projects pending development with a total GFA of approximately 4,311,355 sq.m. and contracted acquisition GFA of approximately 2,048,235 sq.m..

Property Investments

Rental income

The rental income of the Group for the six months ended 30 June 2014 amounted to RMB31.2 million, representing an increase of 9.2% as compared with the corresponding period of previous year, which was mainly due to the annual rental increase as agreed with major tenants in the contracts.

Investment properties

As at 30 June 2014, the Group had 11 investment properties with a total GFA of approximately 116,571 sq.m.. Under the investment property portfolio of the Group, nine investment properties with a total GFA of approximately 79,264 sq.m. were completed and the rest were under development.

Financial Review

(I) Turnover

Turnover of the Group for the six months ended 30 June 2014 increased by approximately RMB1,447.5 million, or 43.4%, as compared with the corresponding period of 2013, primarily due to the substantial increase in turnover from sales of properties as compared with the corresponding period of 2013. Turnover from sales of properties for the six months ended 30 June 2014 amounted to approximately RMB4,574.6 million, representing a significant increase of 54.2% as compared with approximately RMB2,967.5 million for the corresponding period of 2013.

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

Project name	For the six months ended 30 June **2014** Area[1] *(sq.m.)*	Amount[2] *(RMB'000)*	2013 Area[1] *(sq.m.)*	Amount[2] *(RMB'000)*
Shantou Seaward Sunshine (汕頭　尚海陽光)	**17,162**	**849,851**	–	–
Shantou Sunshine Castle (汕頭　陽光華府)	**170**	**1,490**	17,519	171,946
Shantou Flying Dragon Garden (汕頭　龍騰熙園)	**–**	**413**	1,269	89,846
Huizhou Logan City (惠州　龍光城)	**207,308**	**1,049,796**	87,158	493,015
Huizhou Sky Palace (惠州　天悅龍庭)	**307**	**3,360**	42,822	153,798
Guangzhou Palm Waterfront (廣州　棕櫚水岸)	**5,701**	**78,578**	100,501	894,796
Guangzhou Fragrant Valley (廣州　香悅山)	**–**	**–**	4,983	70,596
Shunde Grand View (順德　水悅雲天)	**3,894**	**35,795**	21,145	167,626
Foshan Grand Riverside Bay (佛山　水悅龍灣)	**21,522**	**398,210**	–	–
Zhuhai Easy Life (珠海　海悅雲天)	**–**	**7,378**	2,898	61,107
Zhongshan Grasse Vieille Ville (中山　海悅城邦)	**83,250**	**546,159**	1,313	13,004
Dongguan Imperial Summit Sky Villa (東莞　君御旗峰)	**16,260**	**159,005**	–	–
Shenzhen Sky Palace (深圳　天悅龍庭)	**–**	**1,037**	–	–
Shenzhen Grand Joy Palace (深圳　君悅龍庭)	**–**	**2,543**	232	6,636
Nanning Provence (南寧　普羅旺斯)	**23,416**	**200,052**	8,436	113,481
Nanning Grand Riverside Bay (南寧　水悅龍灣)	**62,857**	**420,999**	124,462	731,629
Chengdu Sky Palace (成都　天悅龍庭)	**102,235**	**819,904**	–	–
Total	**544,082**	**4,574,570**	412,738	2,967,480

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

2. Including turnover from sales of car parking spaces.

(II) Direct costs

The direct costs of the Group for the six months ended 30 June 2014 increased by approximately RMB1,025.6 million, or 44.5%, as compared with the corresponding period of 2013, 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 the corresponding period of 2013. Key components of costs are as follows:

	For the six months ended 30 June		
	2014	2013	Changes
	RMB'000	*RMB'000*	%
Costs	**3,332,588**	2,307,004	44.5%
Property development costs	**3,162,380**	2,022,098	56.4%
Costs of construction business and rental business	**170,208**	284,906	-40.3%

(III) Selling and marketing expenses and administrative expenses

The selling and marketing expenses of the Group for the six months ended 30 June 2014 amounted to approximately RMB141.9 million (the corresponding period of 2013: approximately RMB125.9 million). As the Group further increased its property marketing efforts, the relevant selling and marketing expenses also increased by approximately 12.7% as compared with the corresponding period of 2013.

The administrative expenses of the Group for the six months ended 30 June 2014 amounted to approximately RMB199.0 million (the corresponding period of 2013: approximately RMB184.6 million), representing an increase of approximately 7.8% as compared with the corresponding period of 2013. 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.

The percentage of selling and marketing expenses and administrative expenses in contract sales of the Group slightly increased from 2.2% and 3.2% for the six months ended 30 June 2013 to 2.6% and 3.6% for the Reporting Period, respectively.

(IV) Profit from operations

The profit from operations of the Group for the six months ended 30 June 2014 amounted to approximately RMB1,986.8 million (the corresponding period of 2013: approximately RMB761.7 million). As the turnover of the Group increased significantly by approximately RMB1,447.5 million as compared with the corresponding period of 2013, the relevant direct costs, selling and marketing expenses and administrative expenses increased by approximately RMB1,056.1 million as compared with the corresponding period of 2013 whereas the net fair value gain of investment properties of the Group for the Reporting Period increased by approximately RMB809.6 million as compared with the corresponding period of 2013. As a result, the profit from operations of the Group increased by approximately RMB1,225.2 million as compared with the corresponding period of 2013.

(V) Finance costs

The net finance costs of the Group for the six months ended 30 June 2014 decreased to approximately RMB46.6 million (the corresponding period of 2013: approximately RMB63.5 million), primarily because more finance costs on interests of loans of the Group were capitalised as relevant properties development costs during the year. The percentage of finance cost to the contracted sales has dropped from 1.1% for the six months ended 30 June 2013 to 0.8% in the Reporting Period.

(VI) Income tax

Taxes of the Group for the six months ended 30 June 2014 included CIT and LAT. Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB471.4 million and RMB151.6 million respectively (the corresponding period of 2013: approximately RMB153.7 million and RMB102.2 million respectively).

(VII) Core Profit

The Core Profit of the Group for the six months ended 30 June 2014 amounted to approximately RMB679.6 million, representing an increase of approximately RMB271.1 million as compared with the corresponding period of 2013. The Core Profit margin of the Group for the six months ended 30 June 2014 was approximately 14.2% (the corresponding period of 2013: approximately 12.3%), representing an increase of approximately 1.9 percentage points as compared with the corresponding period of 2013.

(VIII) Liquidity and financial resources

As at 30 June 2014, total assets of the Group amounted to approximately RMB34,460.7 million (31 December 2013: approximately RMB27,811.8 million), of which current assets amounted to approximately RMB29,388.0 million (31 December 2013: approximately RMB23,624.4 million). Total liabilities amounted to approximately RMB25,407.8 million (31 December 2013: approximately RMB20,462.2 million), of which non-current liabilities amounted to approximately RMB9,799.5 million (31 December 2013: approximately RMB6,827.4 million). Total equity amounted to approximately RMB9,052.9 million (31 December 2013: approximately RMB7,349.7 million). Total equity attributable to equity shareholders amounted to RMB8,200.3 million (31 December 2013: approximately RMB7,335.7 million).

As at 30 June 2014, the Group had cash and bank balances (including restricted cash) of approximately RMB6,535.3 million (31 December 2013: approximately RMB4,505.7 million) and total interest-bearing loan of approximately RMB13,560.0 million (31 December 2013: approximately RMB8,982.6 million). As at 30 June 2014, total net interest-bearing liabilities of the Group amounted to approximately RMB7,024.7 million (31 December 2013: approximately RMB4,476.9 million). The net debt to equity ratio of the Group was 77.6% as at 30 June 2014.

(IX) Financing activities

In 2014, the Group issued 5-year senior notes in Hong Kong market and obtained net proceeds (net of listing expenses) of approximately US$295.4 million (equivalent to approximately RMB1,847.6 million). In addition, adhering to the strategy for 2013, the Group optimized its debt structure by obtaining long-term borrowings and the percentage of long-term borrowings to total interest-bearing liabilities remained at above 65%. As at 30 June 2014, the cash ratio (the ratio of cash and bank balances to short-term borrowings) of the Group remained at a high level of approximately142.8%.

(X) Pledge of assets

As at 30 June 2014, the Group had pledged investment properties, other properties, inventories and pledged deposits of approximately RMB9,120.0 million to secure its borrowings.

(XI) Commitments

As at 30 June 2014, the Group had made capital commitments of approximately RMB19,286.0 million related to the expenditure in respect of future establishment and property development (31 December 2013: approximately RMB22,383.1 million).

(XII) Contingent liabilities

As at 30 June 2014, the Group provided guarantees of approximately RMB3,158.6 million (31 December 2013: approximately RMB3,372.7 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.

INTERIM DIVIDEND

The Board does not recommend to declare any interim dividend for the six months ended 30 June 2014.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

SIGNIFICANT ACQUISITION, DISPOSAL OR INVESTMENT

On 19 May 2014, Jolly Gain Investments Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Honk Jee Loong Holdings Company Limited as vendor and Mr. Yao Yaojia as the vendor's guarantor, pursuant to which Jolly Gain Investments Limited acquired the entire issued share capital of King Kerry Investments Company Limited ("King Kerry"), at a consideration of RMB384 million (equivalent to approximately HK$480 million). Upon completion of the such acquisition, King Kerry became a wholly-owned subsidiary of the Company and its accounts will be consolidated with the accounts of the Company from thereon. The acquisition was approved and completed on 31 July 2014.

Save as disclosed above, the Group did not have any material acquisition, disposal and investment during the period under review.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

As at the six months ended 30 June 2014, the Company has complied with most of the code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules, save and except for deviation from code provision 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 and code provision E.1.2 which states that the chairman of the board should attend the annual general meeting and he should also invite the chairmen of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) to attend.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The chairman and chief executive officer of the Company are held by Mr. 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 officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board shall review this structure from time to time to ensure appropriate and timely action to meet changing circumstances.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting; he should also invite the chairmen of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) to attend; in their absence, he should invite another member of the committees or failing this his duly appointed delegate, to attend; and these persons should be available to answer questions at the annual general meeting. The chairman of the Board and the chairmen of the audit committee, remuneration committee and nomination committee were unable to attend the annual general meeting of the Company held on 15 May 2014. They will however use their best endeavours to attend all future shareholders' meeting of the Company.

DEED OF NON-COMPETITION

The Company has received, from each of the controlling shareholders of the Company, a declaration on his/her/its compliance during the period from the Listing Date up till the six months ended 30 June 2014 with the undertakings contained in the deed of non-competition dated 3 December 2013 (the "Deed of Non-Competition") entered into by each of them in favour of the Company pursuant to which each of the controlling shareholders of the Company has undertaken to the Company that he/she/it will not, and will procure his/her/its associates (other than members of the Group), controlled persons and controlled companies not to directly or indirectly, either on their own account, in conjunction with, on behalf of or through any person, body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, participate, acquire or hold any right or interest, provide any support to, financial or otherwise, or otherwise be interested, involved or engaged in or concerned with any business that directly or indirectly competes with the principal businesses of the Group, or acquire or hold shares or interest in any companies or business that compete directly or indirectly with the principal businesses of the Group. Details of the Deed of Non-Competition were disclosed in the prospectus of the Company dated 10 December 2014 under the section headed "Relationship with Our Controlling Shareholders".

The independent non-executive Directors have reviewed the compliance of the Deed of Non-Competition by the controlling shareholders of the Company and were satisfied that each of the controlling shareholders of the Company has complied with the Deed of Non-Competition for the period from the Listing Date up till the six months ended 30 June 2014.

AUDIT COMMITTEE AND REVIEW OF AUDITOR

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors. The Audit Committee has reviewed with the Company's management, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2014.

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2014 have been reviewed by KPMG, the independent auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry, the Company confirmed that all the Directors have complied with the required standards set out in the Model Code.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (http://www.loganestate.com) and the Stock Exchange (http://www.hkex.com.hk). The interim report of the Company for 2014 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders of the Company and made available for review on the same websites in due course.

By Order of the Board
Logan Property Holdings Company Limited
Ji Haipeng
Chairman

Hong Kong, 28 August 2014

As at the date of this announcement, the executive Directors are Mr. Ji Haipeng, Mr. Ji Jiande, Mr. Xiao Xu and Mr. Lai Zhuobin; the non-executive Director is Ms. Kei Perenna Hoi Ting; and the independent non-executive Directors are Mr. Zhang Huaqiao, Ms. Liu Ka Ying, Rebecca and Mr. Cai Suisheng.