Logan Property Holdings Company Limited

龍光地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3380)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

2014 RESULTS HIGHLIGHTS

- Contracted sales increased by approximately 1.1% to RMB13,349.7 million.
- Turnover increased by approximately 12.4% to RMB12,497.9 million.
- Gross profit amounted to RMB3,804.4 million and gross profit margin was 30.4%.
- Core Profit for the year excluding changes in fair value of investment properties and derivatives and the relevant deferred tax ("Core Profit") amounted to RMB1,760.1 million. Core Profit margin was 14.1%.
- Profit for the year was RMB2,420.5 million, representing an increase of approximately 17.7% as compared with the corresponding period of previous year.
- In 2014, the Group was rated by Moody's and Fitch, the international credit rating agencies, with ratings of Ba3 and BB–, respectively. During the year, the Group successfully issued two tranches of senior notes, amounting to US$550 million in total, and issued its first offshore syndicated loan of US$105 million.
- As at 31 December 2014, the Group's net debt-to-equity ratio was 65.7%.
- The Board of Directors (the "Board") proposed the payment of a final dividend of HK 11 cents per share (total dividend payment equivalent to approximately RMB435.5 million[(1)]) for the year ended 31 December 2014. Total dividend payment accounted for approximately 25% of the Core Profit.

(1) The exchange rate of RMB to HKD refers to the middle price of China Foreign Exchange Trading System as at 29 March 2015.

ANNUAL RESULTS

The board of directors (the "Board") of Logan Property Holdings Company Limited (the "Company") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 as follows.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	**2014** *RMB'000*	2013 *RMB'000*
Turnover	*3*	**12,497,937**	11,119,424
Direct costs		**(8,693,572)**	(7,003,729)
Gross profit		**3,804,365**	4,115,695
Other revenue	*4(a)*	**85,497**	27,665
Other net loss	*4(b)*	**(14,148)**	(17,954)
Selling and marketing expenses		**(413,167)**	(304,131)
Administrative expenses		**(527,120)**	(424,655)
Net increase in fair value of investment properties		**861,854**	15,185
Net increase in fair value of derivative financial instruments		**13,995**	–
Profit from operations		**3,811,276**	3,411,805
Finance costs	*5(a)*	**(93,601)**	(103,140)
Profit before taxation		**3,717,675**	3,308,665
Income tax	*6*	**(1,297,169)**	(1,252,362)
Profit for the year		**2,420,506**	2,056,303
Attributable to:			
Equity shareholders of the Company		**2,347,630**	2,024,156
Non-controlling interests		**72,876**	32,147
Profit for the year		**2,420,506**	2,056,303
Earnings per share (RMB cents):			
Basic	*8*	**46.95**	47.35

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	RMB'000	*RMB'000*
Profit for the year	**2,420,506**	2,056,303
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	**6,465**	15,697
Total comprehensive income for the year	**2,426,971**	2,072,000
Attributable to:		
Equity shareholders of the Company	**2,354,095**	2,039,853
Non-controlling interests	**72,876**	32,147
Total comprehensive income for the year	**2,426,971**	2,072,000

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	**2014** **RMB'000**	2013 RMB'000
Non-current assets			
Fixed assets			
– Investment properties		**4,684,500**	3,793,000
– Other property, plant and equipment		**122,041**	97,233
		4,806,541	3,890,233
Deferred tax assets		**366,488**	297,174
Assets under cross-border guarantee arrangements	*11*	**436,600**	–
		5,609,629	4,187,407
Current assets			
Assets under cross-border guarantee arrangements	*11*	**1,167,000**	–
Inventories		**27,875,440**	17,685,826
Trade and other receivables	*9*	**2,502,385**	1,315,974
Tax recoverable		**166,836**	116,972
Restricted and pledged deposits		**1,938,106**	678,226
Cash and cash equivalents		**5,576,357**	3,827,434
		39,226,124	23,624,432
Current liabilities			
Liabilities under cross-border guarantee arrangements	*11*	**1,167,000**	–
Trade and other payables	*10*	**11,842,586**	9,728,560
Bank and other loans		**3,824,474**	2,754,109
Tax payable		**993,262**	1,152,072
		17,827,322	13,634,741
Net current assets		**21,398,802**	9,989,691
Total assets less current liabilities		**27,008,431**	14,177,098

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Non-current liabilities			
Bank and other loans		**9,057,042**	6,228,442
Senior notes		**3,383,846**	–
Deferred tax liabilities		**813,925**	598,980
Liabilities under cross-border guarantee arrangements	*11*	**436,600**	–
		13,691,413	6,827,422
NET ASSETS		**13,317,018**	7,349,676
CAPITAL AND RESERVES			
Share capital		**393,115**	393,115
Reserves		**10,816,771**	6,942,573
Total equity attributable to equity shareholders of the Company		**11,209,886**	7,335,688
Non-controlling interests		**2,107,132**	13,988
TOTAL EQUITY		**13,317,018**	7,349,676

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

Logan Property Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 14 May 2010 as an exempted company with limited liability under the Companies Law (2011 Revision) (as combined and revised) of the Cayman Islands (the "Cayman Companies Law").

Pursuant to a reorganisation (the "Reorganisation") of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") which was completed on 1 April 2013 to rationalise the group structure in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the Company's prospectus dated 10 December 2013 (the "Prospectus"). The Company's shares were listed on the Stock Exchange on 20 December 2013.

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

The Group is regarded as a continuing entity 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 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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 accounting policies used in the preparation of the financial statements are consistent with those used in previous years.

The HKICPA has issued a number of 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 32, *Offsetting financial assets and financial liabilities*

- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

Amendments to HKAS 32*, Offsetting financial assets and financial liabilities*

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit (CGU) whose recoverable amount is based on fair value less costs of disposal.

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

3 TURNOVER AND SEGMENT INFORMATION

(a) Turnover

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

	2014	2013
	RMB'000	*RMB'000*
Revenue from sale of properties	**12,953,104**	11,033,179
Rental income	**56,453**	63,702
Construction income	**236,690**	695,530
	13,246,247	11,792,411
Business tax and other sales related taxes	**(748,310)**	(672,987)
	12,497,937	11,119,424

(b) Segment information

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.

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

(i) *Segment results*

For the year ended 31 December 2014

	Property development *RMB'000*	**Property leasing** *RMB'000*	**Construction contracts** *RMB'000*	**Total** *RMB'000*
Gross revenue from external customers	**12,953,104**	**56,453**	**236,690**	**13,246,247**
Business tax and other sales related taxes	**(738,140)**	**(1,920)**	**(8,250)**	**(748,310)**
Net revenue from external customers	**12,214,964**	**54,533**	**228,440**	**12,497,937**
Inter-segment revenue	**–**	**–**	**3,692,195**	**3,692,195**
Reportable segment revenue	**12,214,964**	**54,533**	**3,920,635**	**16,190,132**
Reportable segment profit	**3,205,416**	**54,533**	**1,556**	**3,261,505**
Bank interest income	**11,236**	**–**	**19,829**	**31,065**
Finance costs	**(39,896)**	**–**	**(30,054)**	**(69,950)**
Depreciation	**(9,233)**	**–**	**(14)**	**(9,247)**
Net increase in fair value of investment properties	**–**	**861,854**	**–**	**861,854**

For the year ended 31 December 2013

	Property development *RMB'000*	Property leasing *RMB'000*	Construction contracts *RMB'000*	Total *RMB'000*
Gross revenue from external customers	11,033,179	63,702	695,530	11,792,411
Business tax and other sales related taxes	(648,380)	(3,543)	(21,064)	(672,987)
Net 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

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

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**16,190,132**	14,433,761
Elimination of inter-segment revenue	**(3,692,195)**	(3,314,337)
Consolidated turnover	**12,497,937**	11,119,424
Profit		
Reportable segment profit derived from Group's external customers	**3,261,505**	3,553,556
Other revenue and other net loss	**71,349**	9,711
Depreciation	**(19,425)**	(16,039)
Finance costs	**(93,601)**	(103,140)
Net increase in fair value of investment properties	**861,854**	15,185
Net increase in fair value of derivative financial instruments	**13,995**	–
Unallocated head office and corporate expenses	**(378,002)**	(150,608)
Consolidated profit before taxation	**3,717,675**	3,308,665

(iii) *Geographic information*

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

(iv) *Major Customers*

There is no transaction between the Group and an individual customer in which the revenue accounts for 10% or more of the Group's turnover.

4 OTHER REVENUE AND OTHER NET LOSS

(a) Other revenue

	2014	2013
	RMB'000	*RMB'000*
Bank interest income	**57,258**	11,608
Design fee income	**3,158**	4,300
Government subsidies	**3,728**	1,045
Forfeited deposits	**7,492**	6,136
Construction management service income	**–**	1,739
Gain from acquisition	**5,058**	–
Others	**8,803**	2,837
	85,497	27,665

(b) Other net loss

	2014	2013
	RMB'000	*RMB'000*
Net gain/(loss) on disposal of fixed assets	**304**	(16,561)
Foreign exchange loss	**(14,352)**	(1,283)
Others	**(100)**	(110)
	(14,148)	(17,954)

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2014	2013
	RMB'000	*RMB'000*
Interest on bank and other loans and other borrowing costs wholly repayable within five years	**1,055,511**	611,506
Interest on bank and other loans and other borrowing costs wholly repayable after five years	**51,933**	45,046
	1,107,444	656,562
Less: Amount capitalised *(note)*	**(1,013,843)**	(553,422)
	93,601	103,140

Note: The borrowing costs have been capitalised at rates ranging from 4.7% to 11.25% (2013: 6.2% to 11.3%) per annum for the year.

(b) **Staff costs**

	2014	2013
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**283,331**	233,668
Contributions to defined contribution retirement plans	**20,094**	17,404
Equity-settled share-based payment expenses	**46,890**	–
	350,315	251,072
Less: Amount capitalised	**(4,705)**	(6,106)
	345,610	244,966

(c) **Other items**

	2014	2013
	RMB'000	*RMB'000*
Depreciation	**29,715**	23,117
Less: Amount capitalised	**(10,290)**	(7,078)
	19,425	16,039
Rentals receivable from investment properties	**(54,533)**	(60,159)
Less: Direct outgoings	**–**	551
	(54,533)	(59,608)
Cost of properties sold	**8,466,674**	6,422,976
Cost of construction	**226,898**	580,202
Auditors' remuneration	**2,333**	8,402
Operating lease charges: minimum lease payments for land and buildings	**8,190**	9,077

6 INCOME TAX

	2014	2013
	RMB'000	*RMB'000*
Current tax		
Provision for PRC Corporate Income Tax ("CIT") for the year	**711,210**	838,380
Provision for Land Appreciation Tax ("LAT") for the year	**440,328**	560,015
	1,151,538	1,398,395
Deferred tax		
Origination and reversal of temporary differences	**145,631**	(146,033)
	1,297,169	1,252,362

(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.

7 DIVIDEND

	2014	2013
	RMB'000	*RMB'000*
Proposed final dividend – HK 11 cents (equivalent to approximately RMB9 cents) per share (2013: HK11 cents per share)	**435,490**	433,879

The proposed 2014 final dividend to shareholders of the Company is pending for approval at the Annual General Meeting. The 2014 final dividend proposed after the balance sheet date has not been recognized as a liability at the balance sheet date.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2014 is based on the profit attributable to equity shareholders of the Company of RMB2,347,630,000 (2013: RMB2,024,156,000) and the weighted average number of 5,000,000,000 shares (2013: 4,274,657,534 shares) in issue during the year ended 31 December 2014.

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.

	2014	2013
	'000	*'000*
Weighted average number of shares		
Issued shares at 1 January	**5,000,000**	1
Effect of capitalisation issue	**–**	4,249,999
Effect of issuance of new shares under the IPO	**–**	24,658
Weighted average number of ordinary shares	**5,000,000**	4,274,658

(b) Diluted earnings per share

There were no diluted potential ordinary shares in existence during the year ended 31 December 2014 and 2013. The Company's share options as at 31 December 2014 (no share options were issued at 31 December 2013) do not give rise to any dilution effect to the earnings per share.

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the company of RMB2,347,630,000 (2013: RMB2,024,156,000) and the weighted average number of ordinary shares of 5,000,000,000 shares (2013: 4,274,657,534 shares after adjusting for the capitalisation issue in 2013), calculated as follows:

	2014	2013
	'000	*'000*
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at 31 December	**5,000,000**	4,274,658
Effect of deemed issue of shares under the Company's share option scheme for HK$2.34 consideration		
Weighted average number of ordinary shares (diluted) at 31 December	**5,000,000**	4,274,658

9 TRADE AND OTHER RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables *(note (i))*	**140,767**	377,959
Prepayments and other receivables	**921,887**	588,895
Derivative financial instruments:		
– Senior notes redemption call options	**27,814**	–
Land deposits *(note (v))*	**953,808**	260,000
Amounts due from related companies *(notes (vi))*	**458,109**	73,293
Amount due from a non-controlling shareholder *(notes (vi))*	**–**	15,827
	2,502,385	1,315,974

Notes:

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

	2014	2013
	RMB'000	*RMB'000*
Current or less than 1 month	**116,311**	135,356
More than 1 month and up to 3 months	**–**	116,588
More than 3 months and up to 6 months	**–**	–
More than 6 months and up to 1 year	**14,672**	105,485
More than 1 year	**9,784**	20,530
	140,767	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) The Group has a defined credit policy. Regular review and follow-up actions are carried out on 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.

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

(v) During the year ended 31 December 2013, 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. During the year ended 31 December 2014, the acquisition of the land was completed and respective land use right certificates were obtained.

During the year ended 31 December 2014, the Group entered into three land grant contracts for acquisition of the land in the PRC. As at 31 December 2014, a total of RMB953,808,000 was paid and recognised as deposits for the acquisition of those three pieces of land.

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

10 TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables *(note (i))*	**3,242,460**	2,703,878
Other payables and accrued charges	**278,743**	241,106
Dividend payable on ordinary shares	**368,811**	–
Customer deposits received	**36,523**	267,195
Rental and other deposits received	**7,789**	8,367
Receipts in advance	**6,390,599**	6,346,951
Non-interest bearing payables to financial institution	**1,293,801**	–
Amounts due to related companies *(notes (ii))*	**223,860**	161,063
	11,842,586	9,728,560

Note:

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

	2014	2013
	RMB'000	*RMB'000*
Within 1 month or on demand	**1,851,483**	1,432,175
More than 1 month but within 3 months	**211,616**	308,793
More than 3 months but within 6 months	**227,260**	303,610
More than 6 months but within 1 year	**662,222**	361,870
More than 1 year	**289,879**	297,430
	3,242,460	2,703,878

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

11. ASSETS AND LIABILITIES UNDER CROSS-BORDER GUARANTEE ARRANGEMENTS

During the year, the Group entered into some cross-border guarantee arrangements with certain financial institutions, whereby certain offshore funding (i.e. in Hong Kong) primarily obtained from the issuance of Senior Notes has been used as a pledge against advances to onshore (i.e. in the PRC) for the Group's operating use in respect of its property development projects.

Pursuant to these arrangements which are made according to the relevant rules and regulations promulgated by the State Administration of Foreign Exchange, the Group's subsidiaries in Hong Kong deposits funds in the relevant financial institutions, which in turn either through its related companies or business partners in the PRC advanced the same amount of funds to the Group's subsidiaries in the PRC. The net cost of such arrangements is ranging from 1.7% to 2.5% per annum of the total funds advanced. The pledge of the Hong Kong funds deposited with such financial institutions will be released upon the settlement of the advances.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present to shareholders the annual results of Logan Property Holdings Company Limited ("Logan Property" or the "Company", together with its subsidiaries, the "Group") for the financial year ended 31 December 2014.

Results and Ratings

In 2014, the Group recorded contracted sales of RMB13,349 million and contracted saleable GFA of 1.82 million sq. m.[1], representing increases of approximately 1.1% and 10.7% as compared with the previous year, respectively. Turnover for 2014 amounted to approximately RMB12,498 million, representing an increase of approximately 12.4% as compared with 2013. Profit for the year 2014 was approximately RMB2,421 million, representing an increase of approximately 17.7% as compared with 2013. Core Profit for 2014 was approximately RMB1,760 million and core profit margin was 14.1%.

Since its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2013, the Group has been recognized by investors and capital markets for its outstanding results performance and comprehensive strengths as well as prudent management and operation. In May 2014, the Group was selected as a constituent stock of the Morgan Stanley Capital International China Small Cap Index Series, and in September 2014, the Group was selected as a constituent stock of the Hang Seng Composite LargeCap/MediumCap Index. Subsequently, the Group has become an eligible stock for Southbound Trading of the Shanghai-Hong Kong Stock Connect. During the year under review, the Group was rated by Moody's and Fitch, each being an international authorized rating agency, with a rating of Ba3 and BB–, respectively.

In 2014, the Group was awarded a number of honours from various independent institutions, including Top 5 in the financial security ranking jointly issued by Beijing Beta Consulting Centre (北京貝塔諮詢中心) and CapitalWeek, "Hong Kong Outstanding Enterprises" by Economic Digest, "China Top 100 Real Estate Developers 2014 – Top 10 by Profitability" jointly bestowed by the Enterprise Research Institute of Development Research Centre of the State Council, the Institute of Real Estate Studies of Tsinghua University and China Index Academy, as well as "The Highest Development Potential Real Estate Enterprise" by Hexun.com.

Market Review and Sales Performance

In 2014, the Chinese economy entered into an era of new normality with economic growth slowing moderately. With the Chinese central government pursuing a strategy of sustaining economic growth through restructuring, GDP growth was maintained at a target level of 7.4%. Under such circumstances, the real estate market, a pillar industry of China's economy, entered into a period of consolidation during the year, with the market remaining

[1] Excluding areas of car parking spaces

weak in general with construction and sales recording declines. However, since the last quarter of 2014, various policies were introduced by the central and local governments to regulate the property market in China. The People's Bank of China and the China Banking Regulatory Commission changed their lending policies by relaxing the "first" home mortgage requirements and reiterating the minimum interest rate allowed. In the meantime, the Ministry of Housing and Urban-Rural Development, Ministry of Finance and central bank introduced policies to loosen the restrictions on the borrowing of welfare funds for buying properties. Rate cuts by the central bank also provided financial support for home buying. In addition to the relaxation or cancellation of restrictions on property purchasing in most cities of the PRC, various industrial and regional development policies were also promulgated to support the real estate industry. As a result of these favorable policies, the operating environment showed improvement and the real estate market picked up growth momentum. The decline in property prices narrowed and sales began to rally. In response to the market-oriented and differentiated industrial adjustment cycle, the Group will continue to improve its products and services, further enhance cost control, make accurate investment decisions and build a more effective incentive mechanism, so as to ensure the sustainable development of the Group in the new era of new normality in the real estate market.

Moreover, the demand from first-time home buyers is enormous given that the advance of new urbanization and the needs of city residents for improved housing conditions are increasingly substantial. As such, the Group expects the government to support the stable and healthy development of the real estate market. The Group developed products targeting first-time home buyers and upgraders and catering the inelastic demand in response to market conditions. Among the contracted sales units in 2014, 80% of which were with GFA less than 120 sq. m., 91% had selling prices of less than RMB1 million, and in terms of payment method, 70% were settled by mortgage down payment. During the year under review, contracted sales of the Group were principally generated from 32 projects located in 11 different cities across China. Projects in Huizhou, Shantou and Nanning remained the top sellers in the market. During the year, the Group launched pre-sales of eight projects for the first time, mainly located in cities including Nanning, Shantou and Zhongshan. During the period of industrial adjustment, the Group timely adjusted its sales strategies and set practical sales targets in response to market trends, and in order to maintain stable profitability and a sound sales revenue, the Group further refined its professional management. As a result, the Group achieved stable growth of income and profit during the year under review and realized the Group's operating principle featured by balanced quick turnover and lucrative profit.

Land Acquisition

A good land acquisition strategy is critical for property companies in coping with the ever-changing market environment. Focusing on regions with established business and inelastic demand, the Group continued to capture opportunities to replenish its land bank in a timely manner through public tendering, auction and listing process while ensuring effective control of financial risk. In 2014, the Group acquired seven new projects through public tendering, auction and listing process in regions such as Shenzhen and Shantou with a total GFA of 2,554,448 sq. m.. During the year under review, the Group also acquired one new project through equity acquisition with a total GFA of 1,941,523 sq. m..

In particular, the Group successfully acquired a land parcel in the Longhua New District of Shenzhen with a site area of 46,647 sq. m. and a GFA of 186,500 sq. m. in October 2014. The acquisition expanded the Group's land bank with high-value and low-risk saleable resources, and also extended its strategic layout in first-tier cities in the regions where the Group has existing operation. The Group will conduct project planning, design and construction in order to achieve quick turnover with the aim of satisfying the inelastic demand of white-collar workers working in the Central Business District of Shenzhen. As at 31 December 2014, the total land bank of the Group amounted to approximately 13.68 million sq. m., including one project acquired through equity acquisition and the remaining acquired through public tendering, auction and listing. It is expected that land bank will be sufficient for the Group's development in the next five to six years. Out of the Group's total land bank, 53% of the land bank is located in the Pearl River Delta, the most economically prosperous region in China, which will allow the Group to capture opportunities arising from market consolidation in the future and will ensure its stable and sound development.

Offshore Financing

In 2014, the Group successfully grasped market opportunities and issued two tranches of US-dollar senior notes and one syndicated loan, which further strengthened its financial position. In May 2014, the Group issued a US$300 million 5-year senior notes at a coupon rate of 11.25% per annum. The issuance was four times oversubscribed with an order book of approximately US$1.25 billion, drawing interest from 150 investors in Hong Kong, Singapore and Europe, representing one of the most outstanding performance among first-time issuance by newly-listed Chinese property developer in recent years. In October 2014, the Group issued a 3-year syndicated loan of US$105 million with an interest rate of 4.5% per annum plus LIBOR. In December 2014, the Group further issued a US$250 million senior notes due in 2017 with a coupon rate of 9.75% per annum and received over-subscription of over four times. In line with the success of these three rounds of debt financing, the Group's business model, profitability, capital structure and creditability have been well recognized by the capital market, and the Group also opened up various offshore financing channels so as to optimize its debt structure, reduce financing costs and provide sufficient capital support for the sound development of the Group, thus creating better results and returns for its shareholders.

Financial Management

As at 31 December 2014, the Group had cash and bank balances (including restricted and pledged deposits) of approximately RMB7,514.5 million. The Group's net debt-to-equity ratio remained at 65.7%. The average borrowing cost was 8.8%.

Customer Satisfaction

The Group has been attaching great importance to customer satisfaction and loyalty and engages authoritative third party survey organization to carry out surveys on customer satisfaction with the Company. According to reports by the relevant third party organizations, in term of products of the Company, the standard of project design remained stable, while the quality of the landscape and greening of the properties improved significantly as compared to last year. In particular, the ratio of landscape and greening was 11 percentage points above the average industry standards. In term of services of the Group, the performance of service in property delivery grew by 11 percentage points. With the aim of building the Logan brand and pursuing long-term development, the Group will continue to focus on serving its customers to realize customer value and satisfy customers' demands.

Organization and Human Resources Development

As at 31 December 2014, the Group had a total of 1,233 employees, approximately 65% of which were at the ages of 26 to 35. Employees are considered the major driving force and the most valuable assets for the development of the Group. A talent training scheme was formulated in accordance with the development strategies, business requirement and performance evaluation results of different groups of employees of the Group. In 2014, the Group held three series of training programmes with over 50 training courses, namely the "Elite Seminar" for senior management, "Senior Manager Seminar" for middle-level officers and "Logan Management Trainees Programme" for junior staff. In order to encourage the enthusiasm and commitment of the staff and attract better talents, the Group further improved its incentive mechanism in 2014 by setting up special awards based on the evaluation results of employee performance, and granting stock options to approximately 180 core staff of the Group.

Investor Relations

The Group strives to establish a strict corporate governance system as well as a fair, open and effective communication platform. It endeavors to build efficient channels with the equity and bond investors of the Group in order to ensure accurate and timely two-way communication. In addition to the Group's financial reports, announcements and press releases available on its website (www.loganestate.com), announcements and press releases are also proactively shared with investors via e-mail. In addition, adequate contact information are available for public access at the investor relations section of the Company's website. The management proactively participated in various investor meetings, roadshows for results presentation and project site visits organized by investment banks. In 2014, the Group reached out to investors and analysts for more than 300 times through different channels, arranged or hosted over 60 project site visits, and four non-deal roadshows in Hong Kong and Singapore. As at the end of 2014, the Group established contacts with approximately 200 institutional and individual investors via meetings, conference calls or e-mail and received a total of seven updated analyst research reports.

In the coming year, the Group will further strengthen the transparency of the Company and provide more fair and useful information for all investors in a timely manner. The Company's communications platform will be further optimized to help shareholders and investors better understand the operations and development prospects of the Group and to exchange views on the outlook of the industry and financial market. At the same time, feedback from the capital market is also constructive for the Group as it refines its future business strategies.

Prospects

During the 18 years since its establishment in 1996, the Group has experienced a significant boost with the privatization of housing provision, along with various policy adjustments such as the "Eight Measures of the State Council" introduced in 2005 and the "Five New Measures of the State Council" introduced in the beginning of 2014. Benefiting from China's rapid economic growth and demographic dividend, both our selling price and volume increased significantly in the past two decades. However, the Group is also aware of the upcoming economic cycle which will bring steady growth and a changing population structure. Despite the ups and downs over the years, the Group has always believed that China's economy is gearing up towards a more healthy and high-quality level. Recently, the contribution of consumption to economic growth in China has exceeded the contribution of investment for the first time. Therefore, the Group believes that government intervention in the real estate industry will lessen, and that the industry will be more market-oriented, in line with the changing economic structure. As a Chinese property developer listed in Hong Kong, the Group will highly value the needs of its customers and the quality of its products, and continue to enhance its operation and management adhering to its corporate value of practical and innovative operation with positive attitude, so as to achieve steady development through prudent investments in the future.

The Group will further strengthen the market position in principal business regions with advantages including Pearl River Delta Region, Guangdong and Guangxi provinces, continue to focus on projects catering to inelastic demand and targeting first-time homebuyers and upgraders in order to enhance resilience to risk, strive to establish its core competitiveness by adopting a "light-asset" and "quick turnover" business model. In particular, the Group will accelerate the turnaround time of projects without holding excessive number of commercial properties or acquiring investment properties, so as to further improve the turnover of the products for liquidity and shorten the capital occupation period. Moreover, the Group will optimize its product mix in a timely manner so as to achieve rapid cash returns while ensuring a reasonable profit margin.

To replenish its land bank in the future, the Group will explore the high value added and quality land resources in first-tier and second-tier cities with economic and population growth potential and the Group will focus its research efforts mainly on serviced residential projects in coordination with infrastructure or with direct access to urban rail and intercity rail station systems.

Acknowledgments

The steady development of the Group during the year under review was largely attributable to the valuable support of the community and the unremitting efforts of its staff. On behalf of the Board, I hereby express my gratitude to all shareholders, investors, partners, customers and stakeholders for their care and support. The Group will target at building a better life by striving to create a better living environment for its customers and generate better value for its shareholders and investors as a whole.

Kei Hoi Pang
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Performance Highlights

	2014	2013	Changes %
Revenue[1]	**13,246,247**	11,792,411	12.3%
Among which: Sales of properties			
– Income from properties delivered *(RMB'000)*	**12,953,104**	11,033,179	17.4%
– GFA[2] of properties delivered *(sq.m.)*	**1,739,538**	1,239,837	40.3%
– ASP[2] of properties delivered *(RMB)*	**7,131**	8,671	-17.8%
Rental income	**56,453**	63,702	-11.4%
Construction income	**236,690**	695,530	-66.0%
Gross profit	**3,804,365**	4,115,695	-7.6%
Profit for the year			
– Attributable to the shareholders *(RMB'000)*	**2,347,630**	2,024,156	16.0%
– Attributable to non-controlling shareholders *(RMB'000)*	**72,876**	32,147	>100%
Profit for the year (excluding changes in fair value of investment properties and derivatives and deferred tax)	**1,760,121**	2,044,914	-13.9%
– Attributable to shareholders *(RMB'000)*	**1,687,245**	2,012,767	-16.2%
– Attributable to non-controlling shareholders *(RMB'000)*	**72,876**	32,147	>100%
Total assets *(RMB'000)*	**44,835,753**	27,811,839	61.2%
Cash and bank balances (including cash and cash equivalents and restricted and pledged deposits) *(RMB'000)*	**7,514,463**	4,505,660	66.8%
Total bank and other borrowings *(RMB'000)*	**16,265,362**	8,982,551	81.1%
Total equity *(RMB'000)*	**13,317,018**	7,349,676	81.2%
Total equity attributable to shareholders *(RMB'000)*	**11,209,886**	7,335,688	52.8%

Key financial ratios

Gross profit margin(1)	**30.4%**	37.0%
Core profit margin(2)	**14.1%**	18.4%
Net debt-to-equity ratio(3)	**65.7%**	60.9%
Liability to asset ratio(4)	**70.3%**	73.6%
Average borrowing cost(5)	**8.8%**	8.4%

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

2. Excluding the car parking portion

(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

During the year ended 31 December 2014, the Group recorded contracted sales of approximately RMB13,349.7 million, representing an increase of approximately 1.1% as compared with RMB13,208.1 million in 2013. The contracted saleable GFA[1] increased by approximately 10.7% to 1,817,182 sq. m. in 2014 from 1,642,183 sq. m. in 2013. Pearl River Delta, Guangxi, Shantou in Guangdong and other regions accounted for 49.3%, 29.3%, 16.4% and 5.0% of the Group's contracted sales in 2014, respectively.

	Summary of contracted sales in 2014				
	Amount	**Percentage**	**GFA[1]**	**Percentage**	**ASP[1]**
	(RMB million)		*(sq.m.)*		*(RMB per sq. m.)*
Pearl River Delta	6,578	49.3%	932,080	51.3%	6,856
Guangxi	3,918	29.3%	534,958	29.4%	6,905
Shantou, Guangdong	2,183	16.4%	274,730	15.1%	7,627
Other regions	671	5.0%	75,414	4.2%	8,250
Total	13,350	100%	1,817,182	100%	7,045

Revenue from sales of properties

During the year ended 31 December 2014, revenue from sales of properties amounted to RMB12,953.1 million, representing an increase of approximately 17.4% as compared with RMB11,033.2 million in 2013, and accounted for 97.8% of the Group's total turnover. GFA delivered (excluding car parking spaces) increased by approximately 40.3% to 1,739,538 sq.m. of 2014 from 1,239,837 sq.m. of 2013. Pearl River Delta, Guangxi, Shantou in Guangdong and other regions contributed to the Group's revenue from sales of properties of 2014, accounting for 45.7%, 35.7%, 8.3% and 10.3%, respectively.

	Revenue from sale of properties in 2014				
	Amount	**Percentage**	**GFA[1]**	**Percentage**	**ASP[1]**
	(RMB million)		*(sq.m.)*		*(RMB per sq.m.)*
Pearl River Delta	5,926	45.7%	880,780	50.6%	6,557
Guangxi	4,621	35.7%	684,983	39.4%	6,548
Shantou, Guangdong	1,075	8.3%	26,069	1.5%	19,842
Other regions	1,331	10.3%	147,706	8.5%	8,707
Total	12,953	100%	1,739,538	100%	7,131

Newly launched projects

As at 31 December 2014, the Group commenced construction of a total of 11 projects or project phases, with a total planned GFA of approximately 2,612,378 sq. m..

1. Excluding the car parking portion

Developing projects

As at 31 December 2014, the Group had a total of 27 projects or project phases under construction, with a total GFA of approximately 5,193,133 sq. m..

Land reserves

In 2014, the Group acquired seven new projects through public tendering, auction and listing with a total GFA of 2,554,448 sq. m.. One new project was acquired through equity acquisition with a total GFA of 1,941,523 sq. m..

List of newly acquired projects through public tendering, auction and listing in 2014

No.	City	Project name	Equity	Date of acquisition	Site area	Total GFA	Land cost	Average land cost	Attributable GFA	Attributable land cost	Attributable average land cost
					(sq.m.)	*(sq.m.)*	*(RMB million)*	*(RMB per sq.m.)*	*(sq. m.)*	*(RMB million)*	*(RMB per sq. m.)*
1	Shantou	Royal & Seaward Sunshine Palace (御海陽光)	51%	2014.01.28	146,269	698,058	1,968	2,819	356,010	1,004	2,819
2	Chengdu	Joy Residence (君悦華庭)	100%	2014.02.26	84,930	359,393	561	1,560	359,393	561	1,560
3	Foshan	Grand Garden (水悦熙園)	100%	2014.03.11	53,918	264,199	507	1,918	264,199	507	1,918
4	Chengdu	Chenghua Project (成華項目)	100%	2014.04.10	31,803	308,963	501	1,621	308,963	501	1,621
5	Guilin	Provence (普羅旺斯)	100%	2014.05.23	225,552	588,156	645	1,097	588,156	645	1,097
6	Haikou	Haiyuntian (海雲天)	100%	2014.06.12	56,501	149,178	302	2,023	149,178	302	2,023
7	Shenzhen	Jiulongxi (玖龍璽)	51%	2014.10.22	46,647	186,500	4,680	25,094	95,115	2,387	25,094
				Total		2,554,448	9,163	3,587	2,121,014	5,905	2,784

As at 31 December 2014, the total GFA of the land reserve of the Group amounted to approximately 13,675,261 sq.m., the average cost of land reserve was RMB1,368 per sq.m., and 53% of our land reserve located in Pearl River Delta, Guangdong, the most prosperous area in the PRC.

Property Investments

Rental income

The rental income of the Group for the year 2014 amounted to RMB56.5 million, representing an decrease of approximately 11.4% as compared with the corresponding period of the previous year.

Investment properties

As at 31 December 2014, the Group had 11 investment properties with a total GFA of approximately 119,171 sq. m.. As at 31 December 2014, the 11 investment properties were completed.

Financial Review

(I) Revenue[1]

Revenue of the Group for the year ended 31 December 2014 increased by approximately RMB1,453.8 million, or approximately 12.3%, as compared with 2013, primarily due to the increase of approximately 17.4% in revenue from sales of properties as compared with 2013. Revenue from sales of properties, income from the leasing business and income from the construction business for the year ended 31 December 2014 amounted to approximately RMB12,953.1 million, RMB56.5 million and RMB236.7 million (2013: approximately RMB11,033.1 million, RMB63.7 million and RMB695.5 million), respectively.

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

Details of the revenue[1] from sales of properties by project are as follows:

	2014		2013	
Project name	**Area[2] (sq. m.)**	**Amount[3] (RMB'000)**	Area[2] (sq. m.)	Amount[3] (RMB'000)
Huizhou Logan City (惠州　龍光城)	**447,982**	**2,654,271**	118,275	683,832
Huizhou Sky Palace (惠州　天悅龍庭)	**107,085**	**436,718**	68,998	265,316
Shantou Seaward Sunshine (汕頭　尚海陽光)	**25,770**	**1,051,479**	410,454	4,654,773
Shantou Sunshine Castle (汕頭　陽光華府)	**170**	**20,437**	19,824	207,237
Shantou Flying Dragon Garden (汕頭　龍騰熙園)	**129**	**3,166**	2,001	102,272
Foshan Grand Riverside Bay (佛山　水悅龍灣)	**83,623**	**847,566**	–	–
Foshan Joy Palace (佛山　君悅龍庭)	**23,695**	**170,252**	–	–
Foshan Grand View (佛山　水悅雲天)	**5,864**	**55,090**	52,130	442,042
Zhongshan Ocean Grange (中山　海悅熙園)	**88,227**	**612,299**	–	–
Zhongshan Grand Garden (中山　水悅熙園)	**69,041**	**389,871**	–	–
Zhongshan Grasse Vieille Ville (中山　海悅城邦)	**49**	**12,461**	1,411	19,714
Dongguan Imperial Summit Sky Villa (東莞　君御旗峰)	**45,601**	**504,408**	47,637	699,676
Guangzhou Palm Waterfront (廣州　棕櫚水岸)	**9,070**	**126,362**	107,842	1,144,647
Guangzhou Fragrant Valley (廣州　香悅山)	**–**	**–**	5,317	78,480
Guangzhou Landscape Residence (廣州　峰景華庭)	**–**	**70,769**	–	–
Zhuhai Easy Life (珠海　海悅雲天)	**543**	**36,771**	3,824	91,064
Shenzhen Sky Palace (深圳　天悅龍庭)	**–**	**4,395**	276	8,511
Shenzhen Grand Joy Palace (深圳　君悅龍庭)	**–**	**4,721**	232	8,614
Nanning Provence (南寧　普羅旺斯)	**262,896**	**2,137,695**	227,967	1,479,587
Nanning Grand Riverside Bay (南寧　水悅龍灣)	**195,325**	**1,414,378**	173,651	1,147,414
Fangchenggang Sunshine Seaward (防城港　陽光海岸)	**226,762**	**1,068,595**	–	–
Chengdu Sky Palace (成都　天悅龍庭)	**147,706**	**1,331,400**	–	–
Total	**1,739,538**	**12,953,104**	1,239,839	11,033,179

Notes:

1. Representing the amount of income before deduction of business tax and other sales related taxes.
2. Excluding the GFA attributable to the car parking spaces.
3. Including revenue from sales of car parking spaces, but before deduction of business tax and other sales related taxes.

(II) Direct costs

The direct costs of the Group for the year ended 31 December 2014 increased by approximately RMB1,689.8 million, or approximately 24.1%, as compared with 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 2013. Key components of costs are as follows:

	2014	2013	Changes per year
	RMB'000	*RMB'000*	%
Costs	**8,693,572**	7,003,729	24.1%
– Costs of sales of properties	**8,466,674**	6,422,976	31.8%
– Costs of construction business and rental business	**226,898**	580,753	–60.9%

(III) Selling and marketing expenses and administrative expenses

The selling and marketing expenses of the Group for the year ended 31 December 2014 amounted to approximately 413.2 million (2013: RMB304.1 million). As the Group further increased its property marketing efforts in response to the challenging market environment in 2014, the selling and marketing expenses had increased by approximately 35.9% as compared with 2013.

The administrative expenses of the Group for 2014 amounted to approximately RMB527.1 million (2013: RMB424.7 million), representing an increase of approximately 24.1% as compared with 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.

(IV) Profit from operations

The profit from operations of the Group for 2014 amounted to approximately RMB3,811.3 million (2013: RMB3,411.8 million). As the turnover of the Group and other revenue increased by approximately RMB1,440.2 million as compared with 2013, the relevant direct costs, selling and marketing expenses and administrative expenses increased by approximately RMB1,901.3 million as compared with 2013 whereas the fair value gain of investment properties and derivative financial instruments of the Group for the year increased by approximately RMB860.7 million as compared with 2013. As a result, the profit from operations of the Group increased by approximately RMB399.5 million as compared with 2013.

(V) Net finance costs

The net finance costs of the Group for 2014 decreased to approximately RMB93.6 million (2013: RMB103.1 million), primarily due to increase in the amount of borrowing costs of the Group were capitalised as properties development costs during the year under review. The percentage of net finance cost to the turnover has dropped from 0.9% in 2013 to 0.7% in 2014.

(VI) Tax

Taxes of the Group for the year ended 31 December 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 RMB856.8 million and RMB440.3 million, respectively (2013: RMB692.3 million and RMB560.0 million, respectively).

(VII) Core profit

The core profit of the Group for the year ended 31 December 2014 amounted to approximately RMB1,760.1 million, representing a decrease of approximately RMB284.8 million as compared with 2013. The core profit margin of the Group for 2014 was approximately 14.1% (2013: 18.4%), representing a decrease of approximately 4.3 percentage points, primarily due to the decrease in core profit for 2014 as compared with 2013.

(VIII) Liquidity and financial resources

As at 31 December 2014, total assets of the Group amounted to approximately RMB44,835.8 million (31 December 2013: RMB27,811.8 million), of which current assets amounted to approximately RMB39,226.1 million (31 December 2013: RMB23,624.4 million). Total liabilities amounted to approximately RMB31,518.7 million (31 December 2013: RMB20,462.2 million), of which non-current liabilities amounted to approximately RMB13,691.4 million (31 December 2013: RMB6,827.4 million). Total equity amounted to approximately RMB13,317.0 million (31 December 2013: RMB7,349.7 million). Total equity attributable to equity shareholders amounted to RMB11,209.9 million (31 December 2013: RMB7,335.7 million).

As at 31 December 2014, the Group had total cash and bank balances (including restricted cash) of approximately RMB7,514.5 million (31 December 2013: RMB4,505.7 million) and total borrowings of approximately RMB16,265.4 million (31 December 2013: RMB8,982.6 million). As at 31 December 2014, total net borrowings of the Group amounted to approximately RMB8,750.9 million (31 December 2013: RMB4,476.9 million), the net debt-to-equity ratio of the Group was 65.7%.

(IX) Financing activities

In 2014, the Group successfully issued two tranches of senior notes and raised net proceeds (net of listing expenses) of approximately RMB3,383.8 million. In addition, the Group optimized its debt structure by obtaining long-term borrowings to bring down the percentage of short-term borrowings to approximately 23.5% in 2014 from approximately 30.7% in 2013. The cash ratio (the ratio of cash and bank balances to short-term borrowings) increased from approximately 1.6 times in 2013 to approximately 2.0 times in 2014.

(X) Pledge of assets

As at 31 December 2014, the Group had pledged investment properties, other properties, inventories and pledged deposits of approximately RMB15,216.7 million to secure its borrowings (31 December 2013: RMB11,051.2 million).

(XI) Contingent liabilities

As at 31 December 2014, the Group provided guarantees of approximately RMB4,371.0 million (31 December 2013: 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.

PAYMENT OF FINAL DIVIDEND

The Board proposed the payment of a final dividend of HK11 cents per share for the year ended 31 December 2014. The final dividend is subject to the approval by shareholders at the annual general meeting (the "AGM") of the Company to be held on Thursday, 28 May 2015. The final dividend, if approved by the Company's shareholders, will be paid on Friday, 3 July 2015 to the shareholders whose names appear on the register of members of the Company on Wednesday, 10 June 2015.

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 year ended 31 December 2014.

ANNUAL GENERAL MEETING

The AGM will be held on Thursday, 28 May 2015 and the notice of AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities (the "Listing Rules") on Stock Exchange in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the AGM to be held on Thursday, 28 May 2015, the register of members of the Company will be closed on Tuesday, 26 May 2015 to Thursday, 28 May 2015, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 22 May 2015.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed on Monday, 8 June 2015 to Wednesday, 10 June 2015, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 5 June 2015.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors. Having made specific enquiry, the Company confirmed that all the Directors have complied with the required standards set out in the Model Code. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines or no less exacting terms than the Model Code for the year ended 31 December 2014.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2014, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, save and except for the deviation to code provisions A.2.1 and E.1.2 below.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The chairman and chief executive officer of the Company are held by Mr. Kei Hoi Pang who is the founder of the Company and has extensive experience in the industry. The Board believes that Mr. Kei Hoi Pang can provide the Company with strong and consistent leadership and 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 of the CG Code stipulates that the chairman of board should attend the AGM and he should also invite the chairmen of the audit, remuneration, nomination and any other committee (as appropriate) to attend. Due to other engagement, the chairmen of the audit, remuneration and nomination committee did not attend the AGM.

AUDIT COMMITTEE

The Board has established an audit committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the audit committee of the Company (the "Audit Committee") comprises three independent non-executive directors of the Company, namely Ms. Liu Ka Ying, Rebecca, Mr. Zhang Huaqiao and Mr. Cai Suisheng.

The Audit Committee as well as external auditors of the Company have reviewed and discussed the annual results for year ended 31 December 2014.

SCOPE OF WORK OF KPMG

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company at http://www.loganestate.com and the Stock Exchange at http://www.hkexnews.hk. The 2014 annual report containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 30 March 2015

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