LOGAN
龙光地产

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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

INTERIM RESULTS HIGHLIGHTS

- Contracted sales of the Group for the six months ended 30 June 2018 increased by approximately 83.7% as compared with the corresponding period of 2017 to approximately RMB35,471.1 million.
- Revenue of the Group for the six months ended 30 June 2018 increased by approximately 22.4% to RMB15,153.5 million as compared with the corresponding period of 2017.
- Gross profit of the Group for the six months ended 30 June 2018 increased by approximately 14.8% to RMB5,611.4 million as compared with the corresponding period of 2017. Gross profit margin was 37.0%.
- Net profit of the Group for the six months ended 30 June 2018 was RMB3,794.8 million.
- Core profit (excluding changes in fair values of investment properties and derivative financial instruments and the relevant deferred tax and share of changes in fair value of investment properties at an associate) of the Group for the six months ended 30 June 2018 was RMB2,937.9 million. Core Profit margin was 19.4%.
- Net debt-to-equity ratio of the Group was 66.3% and cash and bank balances of RMB27,597.9 million as at 30 June 2018.
- Declared interim dividend in cash of HK20 cents per share for the six months ended 30 June 2018 (six months ended 30 June 2017: HK19 cents) and special dividend in cash of HK8 cents per share (six months ended 30 June 2017: HK3 cents), amounting to a total dividend of HK28 cents per share (six months ended 30 June 2017: HK22 cents). The total dividend payment accounted for approximately 50% of the Core Profit attributable to equity shareholders.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Logan Property Holdings Company Limited (the "**Company**") announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018
(Expressed in Renminbi)

		Six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**15,153,528**	12,382,234
Cost of sales		**(9,542,129)**	(7,493,210)
Gross profit		**5,611,399**	4,889,024
Other income and gains		**758,542**	309,579
Other expenses		**(37,439)**	(4,076)
Selling and marketing expenses		**(270,651)**	(295,696)
Administrative expenses		**(446,673)**	(288,274)
Net increase in fair value of investment properties	*9*	**1,037,395**	1,771,333
Net increase/(decrease) in fair value of derivative financial instruments		**23,024**	(125,641)
Share of profit of associates		**51,707**	101,228
Share of losses of joint ventures		**(61,869)**	(2,072)
PROFIT FROM OPERATIONS		**6,665,435**	6,355,405
Finance costs	*5*	**(520,876)**	(318,173)
PROFIT BEFORE TAX	*6*	**6,144,559**	6,037,232
Income tax expense	*7*	**(2,349,721)**	(2,281,790)
PROFIT FOR THE PERIOD		**3,794,838**	3,755,442
Attributable to:			
Owners of the parent		**3,431,807**	3,399,006
Non-controlling interests		**363,031**	356,436
		3,794,838	3,755,442
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RMB cents)	*8*		
Basic		**60.99**	61.84
Diluted		**59.96**	61.42

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2018
(Expressed in Renminbi)

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**3,794,838**	3,755,442
OTHER COMPREHENSIVE INCOME FOR THE PERIOD (after tax and reclassification adjustments)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of group entities	**(152,469)**	52,691
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**3,642,369**	3,808,133
Attributable to:		
Owners of the parent	**3,279,338**	3,451,697
Non-controlling interests	**363,031**	356,436
	3,642,369	3,808,133

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2018
(Expressed in Renminbi)

	Notes	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
NON-CURRENT ASSETS			
Investment properties	9	**17,190,209**	15,664,830
Other property, plant and equipment		**170,239**	147,867
Deferred tax assets		**398,727**	330,206
Investments in associates		**669,255**	2,653,386
Investments in joint ventures		**19,514,361**	9,261,913
Assets under cross-border guarantee arrangements		**461,120**	—
Restricted and pledged deposits		**237,557**	218,102
Total non-current assets		**38,641,468**	28,276,304
CURRENT ASSETS			
Inventories		**33,399,697**	38,457,739
Trade and other receivables and prepayments	10	**40,439,169**	20,448,286
Contract assets		**137,899**	—
Tax recoverable		**1,390,039**	753,256
Assets under cross-border guarantee arrangements		**1,654,660**	1,745,380
Restricted and pledged deposits		**1,997,779**	2,311,691
Cash and cash equivalents		**25,362,522**	19,878,192
Total current assets		**104,381,765**	83,594,544
CURRENT LIABILITIES			
Trade and other payables	11	**27,800,305**	37,275,788
Contract liabilities		**28,250,887**	—
Liabilities under cross-border guarantee arrangements		**1,654,660**	1,745,380
Bank and other loans		**8,330,990**	5,597,885
Senior notes		**2,991,049**	2,965,541
Other current liabilities		**6,490,000**	7,000,000
Tax payable		**3,433,074**	2,709,162
Total current liabilities		**78,950,965**	57,293,756
NET CURRENT ASSETS		**25,430,800**	26,300,788
TOTAL ASSETS LESS CURRENT LIABILITIES		**64,072,268**	54,577,092

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2018

(Expressed in Renminbi)

	30 June 2018 (Unaudited) *RMB'000*	31 December 2017 (Audited) *RMB'000*
NON-CURRENT LIABILITIES		
Liabilities under cross-border guarantee arrangements	**461,120**	—
Bank and other loans	**8,413,166**	14,191,435
Corporate bonds	**10,662,449**	5,162,449
Senior notes	**11,210,771**	5,924,103
Deferred tax liabilities	**2,388,766**	2,135,296
Total non-current liabilities	**33,136,272**	27,413,283
NET ASSETS	**30,935,996**	27,163,809
EQUITY		
Equity attributable to owners of the parent		
Share capital	**434,291**	433,828
Perpetual capital securities	**2,363,346**	2,363,346
Reserves	**23,777,631**	20,509,047
	26,575,268	23,306,221
Non-controlling interests	**4,360,728**	3,857,588
TOTAL EQUITY	**30,935,996**	27,163,809

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

1. BASIS OF PREPARATION

The condensed consolidation interim financial information (the "**interim financial information**") for the six months ended 30 June 2018 is prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. The interim financial information does not include all the information and disclosures in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017. The accounting policies and basis of preparation adopted in the preparation of the interim financial information are the same as those used in the annual financial statements for the year ended 31 December 2017, except for the following new and revised Hong Kong Financial Reporting Standards (the "**HKFRSs**", which include all HKFRSs, HKASs and Interpretations issued by the HKICPA), that have been adopted by the Group for the first time in 2018 for the current period's interim financial information:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements *2014–2016 Cycle*	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9, HKFRS 15 and Amendments to HKFRS 15, the adoption of the above revised standards has had no significant financial effect on the interim financial information.

The nature and the impact of the changes are described below:

HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The impacts relate to the classification and measurement and the impairment requirements are summarised as follows:

(i) Classification and measurement

Except for trade receivables, under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss or amortised cost. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "**SPPI criterion**").

The new classification and measurement of the Group's financial assets are as follows:

— *Debt instruments at amortised cost* that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

— *Financial assets at fair value through profit or loss* include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in profit or loss.

Under HKFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by HKAS 39.

The adoption of HKFRS 9 has had no significant impact on the Group's interim financial information on classification and measurement of its financial assets.

(ii) Impairment

HKFRS 9 requires an impairment on trades receivables, contract assets, other receivables and amounts due from joint ventures and associates that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses on its trade receivables and contract assets. The Group applied general approach and recorded twelve month expected losses on its other receivables and amounts due from joint venture and associates. The adoption of HKFRS 9 has had no significant impact on the impairment of the financial assets of the Group.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at 1 January 2018. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, thus the comparative figures have not been restated.

Revenue recognition

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

Land development revenue

Land development revenue is recognised at a point in time, when the customer obtains control of the assets and the Group has present right to payment and the collection of the consideration is probable.

(i) Accounting for revenue from sales of properties

Prior to the adoption of HKFRS 15, the Group accounted for revenue from sales of properties when significant risks and rewards of ownership has been transferred to the customers on delivery in its entirety at a single time upon vacant possession.

Under HKFRS 15, for properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress. The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

The Group has assessed that there is an enforceable right to payment from the customers for performance completed to date for few properties. Thus, majority of revenue from sale of properties will continue to be recognised at a point in time, when the purchasers obtain the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable. The adoption of HKFRS 15 has had no significant impact on the timing of revenue recognition.

(ii) Accounting for significant financing component for sales of properties

Prior to the adoption of HKFRS 15, the Group presented sales proceeds received from customers in connection with the Group's pre-sales of properties as receipts in advance under trade and other payables in the consolidated statement of financial position. No interest was accrued on the long-term advances received under the previous accounting policy.

Upon adoption of HKFRS 15, the Group recognised contract liabilities for the interest on the sales proceeds received from customers with a significant financing component. The Group elected to apply the practical expedient and did not recognise the effects of a significant financing component with a customer if the time period is one year or less. In addition, reclassifications have been made from trade and other payables to contract liabilities for the outstanding balance of sales proceeds from customers. The adoption of HKFRS 15 has had no significant impact on the opening retained profits as at 1 January 2018. Receipts in advance of RMB19,614,745,000 that were previously classified under trade and other payables has been reclassified to contract liabilities as at 1 January 2018.

(iii) Accounting for sales commission

Prior to the adoption of HKFRS 15, the Group expensed off the sales commission associated with obtaining agreement for sale and purchase with property buyer. Upon adoption of HKFRS 15, sales commissions incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded in contract assets. Capitalised sales commissions are charged to profit or loss when the revenue from the related property sale is recognised and are included as selling and marketing expenses at that time. The adoption of HKFRS 15 has had no significant impact on the opening retained profits as at 1 January 2018.

(iv) Accounting for revenue from construction services

Prior to the adoption of HKFRS 15, revenue from fixed price construction contracts is recognised using the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Upon adoption of HKFRS 15, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and continue to recognise revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. The adoption of HKFRS 15 has had no significant impact on the opening retained profits as at 1 January 2018.

The Group has not early applied any of the new and revised HKFRSs, that have been issued but are not yet effective, in the interim financial information.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements *2015–2017 Cycle*	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2021

3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application, certain of which may be relevant to the Group's operation and may result in changes in the Group's accounting policies, and changes in presentation and measurement of certain items of the Group's interim financial information.

2. DISAGGREGATION OF REVENUE

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the six months ended 30 June 2018

(Unaudited)	**Property development** *RMB'000*	**Construction contracts** *RMB'000*	**Primary land development** *RMB'000*	**Total** *RMB'000*
Segment				
Type of goods or services				
Sales of properties	13,074,239	—	—	13,074,239
Construction income	—	966,193	—	966,193
Primary land development income	—	—	1,067,254	1,067,254
Total revenue from contracts with customers	13,074,239	966,193	1,067,254	15,107,686
Geographical markets:				
Mainland China	13,074,239	966,193	1,067,254	15,107,686
Timing of revenue recognition				
Goods transferred at a point in time	13,074,239	—	1,067,254	14,141,493
Services transferred over time	—	966,193	—	966,193
Total revenue from contracts with customers	13,074,239	966,193	1,067,254	15,107,686

Set out below is the reconciliation of the revenue from contracts with customer with the amounts disclosed in the segment information:

	Property development *RMB'000*	**Construction contracts** *RMB'000*	**Primary land development** *RMB'000*	**Total** *RMB'000*
Revenue				
Sales to external customers	13,074,239	966,193	1,067,254	15,107,686
Intersegment sales	—	3,875,145	—	3,875,145
	13,074,239	4,841,338	1,067,254	18,982,831
Adjustments and eliminations	—	(3,875,145)	—	(3,875,145)
Total revenue from contracts with customers	13,074,239	966,193	1,067,254	15,107,686

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the property development segment develops and sells residential properties and retail shops;

(b) the property leasing 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;

(c) the construction contracts segment constructs office premises and residential buildings for external customers and for group companies; and

(d) the primary land development segment engages in the sale of land held for development.

The Group's revenue from external customers from each operating segment is set out in note 4 to the announcement.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that depreciation, other income and gains, other expenses, finance costs, share of profits of losses of joint ventures and associates, fair value gains or losses of investment properties and derivative financial instruments and head office and corporate income and expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information regarding the reportable segments is presented below.

For the six months ended 30 June 2018

(Unaudited)	**Property development** *RMB'000*	**Property leasing** *RMB'000*	**Construction contracts** *RMB'000*	**Primary land development** *RMB'000*	**Total** *RMB'000*
Gross revenue from external customers	**13,173,690**	**48,309**	**968,646**	**1,067,449**	**15,258,094**
Less: Business tax and other sales related taxes	**(99,451)**	**(2,467)**	**(2,453)**	**(195)**	**(104,566)**
Net revenue from external customers	**13,074,239**	**45,842**	**966,193**	**1,067,254**	**15,153,528**
Inter-segment revenue	**—**	**12,323**	**3,875,145**	**—**	**3,887,468**
Reportable segment revenue	**13,074,239**	**58,165**	**4,841,338**	**1,067,254**	**19,040,996**
Reportable segment profit	**3,854,523**	**46,619**	**907,576**	**648,771**	**5,457,489**

For the six months ended 30 June 2017

(Unaudited)	Property development *RMB'000*	Property leasing *RMB'000*	Construction contracts *RMB'000*	Primary land development *RMB'000*	Total *RMB'000*
Gross revenue from external customers	12,259,627	46,191	260,838	—	12,566,656
Less: Business tax and other sales related taxes	(182,825)	(1,428)	(169)	—	(184,422)
Net revenue from external customers	12,076,802	44,763	260,669	—	12,382,234
Inter-segment revenue	—	10,061	2,155,433	—	2,165,494
Reportable segment revenue	12,076,802	54,824	2,416,102	—	14,547,728
Reportable segment profit	4,375,112	45,723	374,113	—	4,794,948

Information about a major customer

During the six months ended 30 June 2018 and 2017, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Reconciliation of reportable segment revenue and profit or loss

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**19,040,996**	14,547,728
Elimination of inter-segment revenue	**(3,887,468)**	(2,165,494)
Consolidated revenue	**15,153,528**	12,382,234
Profit		
Reportable segment profit	**5,457,489**	4,794,948
Elimination of inter-segment profits	**(370,493)**	(357,647)
Reportable segment profit derived from the Group's external customers	**5,086,996**	4,437,301
Other income and gains	**758,542**	309,579
Other expenses	**(37,439)**	(4,076)
Depreciation	**(28,581)**	(22,161)
Finance costs	**(520,876)**	(318,173)
Share of profits of associates	**51,707**	101,228
Share of losses of joint ventures	**(61,869)**	(2,072)
Net increase in fair value of investment properties	**1,037,395**	1,771,333
Net increase/(decrease) in fair value of derivative financial instruments	**23,024**	(125,641)
Unallocated head office and corporate income and expenses	**(164,340)**	(110,086)
Consolidated profit before tax	**6,144,559**	6,037,232

Geographic information

Geographical information is not presented since all of the Group's revenue from external customers is generated in Mainland China and all of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of the interim financial information.

4. REVENUE

Revenue represents income from the sale of properties, rental income, construction income and primary land development income earned during the period, before deduction of business tax and other sales related taxes.

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Sale of properties*	**13,173,690**	12,259,627
Rental income	**48,309**	46,191
Construction income	**968,646**	260,838
Primary land development income	**1,067,449**	—
	15,258,094	12,566,656
Less: Business tax and other sales related taxes	**(104,566)**	(184,422)
	15,153,528	12,382,234

* The invoiced amount billed to buyers of properties for the six months ended 30 June 2018 was RMB14,302,890,000 (six months ended 30 June 2017: RMB12,794,114,000) including value-added tax of RMB1,129,200,000 (six months ended 30 June 2017: RMB534,487,000).

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on bank and other loans and other borrowing costs	**561,113**	660,849
Interest on senior notes	**326,508**	432,938
Interest on corporate bonds	**415,699**	307,197
	1,303,320	1,400,984
Less: Interest capitalised	**(782,444)**	(1,082,811)
	520,876	318,173

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six Months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of properties sold	**8,284,916**	7,263,482
Cost of services provided	**1,257,213**	229,728
Depreciation	**29,288**	39,319
Less: Amount capitalised	**(707)**	(17,158)
	28,581	22,161
Equity-settled share option expense	**30,000**	4,983
Interest income:		
— Cash at bank	**(141,107)**	(51,284)
— Amounts due from an associate and joint ventures	**(344,361)**	(242,876)
Gain on re-measurement of existing interest in the associates and joint ventures as at date of losing control	**(16,057)**	—
Gain on deemed disposal of subsidiaries, net	**(182,019)**	—
Net (gain)/loss on disposal of items of other property, plant and equipment	**(964)**	2,691

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2018 and 2017. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current charge for the period:		
PRC corporate income tax	**1,453,079**	1,021,781
PRC land appreciation tax	**711,693**	1,024,693
	2,164,772	2,046,474
Deferred	**184,949**	235,316
Total tax charge for the period	**2,349,721**	2,281,790

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts for the six months ended 30 June 2018 is based on the profit for the period attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities, and the weighted average number of ordinary shares of 5,491,591,000 (six months ended 30 June 2017: 5,496,322,000) in issue during the period.

The calculation of the diluted earnings per share amounts for the six months ended 30 June 2018 is based on the profit for the period attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Earnings		
Profit attributable to owners of the parent	**3,431,807**	3,399,006
Distribution related to perpetual capital securities	**(82,717)**	—
Profit used in the basic and diluted earnings per share calculations	**3,349,090**	3,399,006

	Number of shares Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**5,491,591**	5,496,322
Effect of dilution — weighted average number of ordinary shares: Share options	**94,291**	38,160
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**5,585,882**	5,534,482

9. INVESTMENT PROPERTIES

All of the Group's investment properties and investment properties under development were revalued on 30 June 2018 based on valuations performed by APAC Asset Valuation and Consulting Limited and Vocation (Beijing) International Assets Appraisal Co., Ltd., independent professionally qualified valuers.

The valuations of completed investment properties and investment properties under construction were based on either the income approach by capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary rental income potential of the properties, which is positively correlated to the market rental growth rate, and negatively correlated to risk-adjusted discount rate, or the direct comparison method by reference to comparable market transactions, which is positively correlated to the market unit sale rate.

During the period, the net increase in fair value of investment properties and investment properties under development amounted to RMB1,037,395,000 (six months ended 30 June 2017: RMB1,771,333,000), additions in investment properties and investment properties under development amounted to RMB421,452,000 (six months ended 30 June 2017: RMB224,334,000) and transfer from inventories to investment properties amounted to RMB61,952,000 (six months ended 30 June 2017: Nil).

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Notes	**30 June 2018 (Unaudited)** ***RMB'000***	31 December 2017 (Audited) *RMB'000*
Trade receivables	*(i)*	**1,148,396**	486,042
Prepayments and other receivables		**5,416,651**	3,929,825
Land deposits	*(ii)*	**3,395,121**	1,230,892
Amounts due from related companies	*(iii)*	**142,190**	130,751
Amounts due from a non-controlling shareholder	*(iii)*	**2,218,989**	—
Amounts due from associates	*(iv)*	**6,275,523**	3,606,723
Amounts due from joint ventures	*(iv)*	**21,800,437**	11,045,375
Derivative financial instruments:			
Senior notes redemption call options		**41,862**	18,678
		40,439,169	20,448,286

Notes:

(i) The Group's trade receivables arise from the sale of properties, leasing of investment properties, provision of construction services and sale of land held for development.

Consideration in respect of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties and provision of property management services.

As at 30 June 2018, the Group had a certain concentration of credit risk as 93% of the Group's trade receivables was related to revenue recognised as primary land development income in 2018. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. All trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the revenue recognition date and invoice date, is as follows:

	30 June 2018 (Unaudited) ***RMB'000***	31 December 2017 (Audited) *RMB'000*
Current to 30 days	**1,081,645**	317,566
31 days to 90 days	**6,665**	800
91 to 180 days	**57,870**	138,454
181 to 365 days	**1,688**	27,990
Over 365 days	**528**	1,232
	1,148,396	486,042

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2018, no credit loss (31 December 2017: Nil) was made against the gross amounts of trade receivables.

All receivables were neither past due nor impaired as at the end of the reporting period. They relate to a large number of diversified customers for whom there was no recent history of default.

Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(ii) The amount represented deposits for the acquisition of land.

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

(iv) The amounts due from associates and joint ventures are unsecured, interest-free and repayable on demand.

11. TRADE AND OTHER PAYABLES

	Notes	**30 June 2018 (Unaudited) *RMB'000***	31 December 2017 (Audited) *RMB'000*
Trade payables	*(i)*	**7,267,381**	7,304,745
Other payables and accrued charges	*(ii)*	**5,694,375**	2,904,694
Customer deposits received		**84,533**	68,421
Rental and other deposits received		**29**	86,563
Receipts in advance	*(iii)*	**—**	19,614,745
Proceeds from asset-backed securities	*(iv)*	**1,570,128**	1,570,128
Amounts due to related companies	*(v)*	**11,779**	7,401
Amount due to non-controlling shareholders	*(vi)*	**9,127,760**	—
Amounts due to joint ventures	*(vii)*	**4,044,320**	5,719,091
		27,800,305	37,275,788

Notes:

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

	30 June 2018 (Unaudited) *RMB'000*	31 December 2017 (Audited) *RMB'000*
Current to 30 days	**1,940,381**	2,385,566
31 to 90 days	**899,104**	757,914
91 to 180 days	**842,727**	383,827
181 to 365 days	**1,957,034**	2,435,913
Over 365 days	**1,628,135**	1,341,525
	7,267,381	7,304,745

The trade payables are non-interest-bearing.

(ii) Other payables are non-interest-bearing and are expected to be settled within one year.

(iii) Receipts in advance represent sales proceeds received from buyers in connection with the Group's pre-sales of properties. The opening balance as at 1 January 2018 has been reclassified to contract liabilities as detailed in note 1.

(iv) The balance represented proceeds received from a specific purpose entity ("**SPE**") set up by a financial institution in the PRC for issuance of asset-backed securities, to which the Group has transferred the right of receipt of the remaining sale proceeds of certain properties to be delivered by the Group. Under an assignment arrangement between the Group and the SPE, as and when the Group receives the sale proceeds from customers, the Group would remit to the SPE any cash flows it collects on behalf of the SPE.

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

(vi) The amounts due to non-controlling shareholders are unsecured and repayable on demand. As at 30 June 2018, the amounts included amounts of RMB165,000,000 (31 December 2017: Nil) which bear interest at fixed rate of 6.88% per annum. The remaining amounts of RMB8,962,760,000 are interest-free.

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

12. DIVIDENDS

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Declared interim and special dividend — HK20 cents and HK8 cents respectively per ordinary share (six months ended 30 June 2017: HK19 cents and HK3 cents respectively)	**1,325,243**	1,021,033

The interim dividend has not been recognised as a liability at the end of the reporting period.

COMPANY PROFILE

Logan Property Holdings Company Limited ("**Logan**" or the "**Company**") is an integrated property developer focusing on the residential property development in the Guangdong-Hong Kong-Macao Greater Bay Area in China, and its products mainly cater to first home owners and home upgrade owners. As of 30 June 2018, the Company and its subsidiaries (collectively, the "**Group**") accumulated land resources amounting to a total of RMB641.2 billion through public market channels, merger and acquisition activities, and Urban Renewal projects, more than 80% of which are situated within the Guangdong-Hong Kong-Macao Greater Bay Area. Recently, our land reserve has reached RMB416.1 billion, thereby supporting fast growth in the Group's future sales and profitability. According to China Index Academy, the Group ranked 26th among Chinese large-size property developers in terms of comprehensive strength during 2018. In addition, the Group is rated "BB-", "Ba3" and "BB-" ratings with a stable outlook by international authoritative agencies including Standard & Poor's, Moody's and Fitch respectively, while being rated "AAA" credit rating by such renowned domestic rating agencies as China Cheng Xin Securities Rating Co., Ltd. and United Credit Rating Co., Ltd.

Furthermore, Logan's healthy financial conditions and comprehensive strengths were highly recognized among rating agencies at home and abroad. Currently, the shares of Logan are constituent shares of Hang Seng Composite Large Cap & Medium Cap Index, Hang Seng Stock Connect Big Bay Area Composite Index, MSCI China All Shares Index, and FTSE Shariah Global Equity Index.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of the Company (the "**Board**"), I hereby present the interim results of the Group for the six months ended 30 June 2018.

Market Review

During the first half of 2018, the global economy maintained its previous growth momentum, with the recovery trend remaining unchanged. However, given the trade protectionism initiated by the United States and the shift of quantitative easing around the globe, more unstable factors emerge in the global economic environment. Despite challenging international environments, the Chinese Central Government adhered to the supply-side structural reform and economic structure optimization to efficiently expand demand, while China's economy continued to grow steadily with a GDP growth reaching 6.8% during the first half of 2018.

China's property market maintained stable growth during the first half of 2018. According to the National Bureau of Statistics of China, China's total real estate development and investment increased by 9.7% YoY to RMB5,553.1 billion. The saleable GFA of commercial buildings sold was 771.43 million square meters, up by 3.3% YoY, while the total saleable amounts of commercial buildings were RMB6,694.5 billion, up 13.2% YoY. Boosted by robust demand from second-tier, third-tier and fourth-tier cities, large-scale developers launched more projects for sales and further accelerated their market share concentration. Based on data from China Index Academy, the market share of Top 30 and Top 100 developers reached 50% and 70% respectively, up by 7.6 percentage points and 12.5 percentage points respectively, as compared with the first half of 2017.

With a population of 68 million and a land area of 56 thousand square kilometers, the Guangdong-Hong Kong-Macao Greater Bay Area (hereinafter referred to as the "Greater Bay Area") has been one of the most powerful and dynamic economy zones in China, with the highest degree of openness. It is viewed as a major growth engine for global economy. The Group has been focused on the Greater Bay Area for 16 years. Based on its strategic foresight, the Group owns abundant premium land banks alongside key city clusters like Hong Kong-Shenzhen, Macau-Zhuhai and Guangzhou-Foshan, benefiting from the dynamic economic growth of the Greater Bay Area. Premier Li Keqiang initially introduced the concept of the Greater Bay Area in his government report of 2017. Subsequently in the government report of 2018, Premier Li said China will unveil and implement a plan for building the Greater Bay Area to promote more trilaterally-beneficial cooperation among mainland China, Hong Kong and Macau. In May 2018, Chinese Vice-Premier Han Zheng, also a member of the Standing Committee of the Central Political Bureau of the Communist Party of China (CPC), conducted a survey in Guangdong Province, during which, he emphasizes the Greater Bay Area will be an international innovation center, a world-class bay area and a world-class city cluster.

Overall Performance

For the six months ended 30 June 2018, the Group achieved contract sales of approximately RMB35.47 billion, representing an increase of approximately 83.7% as compared with the same period last year, and completed 54% of its annual sales target. The GFA of contracted sales amounted to 1.825 million square meters. During the first half of 2018, the Group's revenue amounted to RMB15,154 million, representing an increase of approximately 22.4% as compared with the same period of last year. Gross profit amounted to RMB5,611 million, with a gross profit margin of 37.0%. Profit attributable to equity shareholders amounted to RMB3,432 million. Core profit amounted to approximately RMB2,938 million, representing an increase of approximately 15.1%. Core profit margin was 19.4%, far above the industry average level.

During the period under review, the Group continued to be widely acclaimed by the industry and the capital market, given its strategic foresight in the Greater Bay Area, industry-leading profitability and premium brand name value. In terms of brand, honors and awards, the Group was for eight consecutive years selected as one of "China's Top 100 Real Estate Developers" (中國房地產百強企業) and its ranking has jumped to 26th in 2018 (29th in 2017). This award has been jointly announced by the Enterprise Research Institute of Development Research Center of the State Council (國務院發展研究中心企業研究所), the Institute of Real Estate Studies of Tsinghua University (清華大學地產研究所) and China Index Academy (中國指數研究院). In addition, the Group also ranked 4th in the "Top 10 Real Estate Developers by Profitability in 2018". Moreover, the Group was awarded with "Top 20 Financially Strong and Credible Property Enterprises in Guangdong" for 16 consecutive years. Furthermore, the Group jumped to 1387th in "The World's 2000 Largest Public Companies" by Forbs, up 377 spots as compared with its 2017 ranking, thus ranking among the Forbe's Global 2000: Growth Champions.

The Group is also highly recognized by the capital market, as it is under research coverage and being highly recommended by a number of renowned global investment banks such as Citibank, Deutsche Bank AG, HSBC, Goldman Sachs Gao Hua, Morgan Stanley, Nomura, BOC International and BOCOM International. Meanwhile, its healthy financial position and overall strengths were recognized by both domestic and overseas rating agencies. Currently, the Group is a constituent stock of Hang Seng Composite Large Cap & Medium Cap Index, Hang Seng Stock Connect Big Bay Area Composite Index, MSCI China All Shares Index and FTSE Shariah Global Equity Index. The Group is rated "BB-", "Ba3" and "BB-" ratings with a stable outlook by international authoritative agencies including Standard & Poor's, Moody's and Fitch respectively, while being rated "AAA" credit rating by such renowned domestic rating agencies namely China Cheng Xin Securities Rating Co., Ltd. and United Credit Rating Co., Ltd.

Business Review

The Group has fully penetrated into "9+2" city markets in the Greater Bay Area, with abundant premium land bank in this region. Given the consistent economic growth and extension of railway transportation systems in the Greater Bay Area, the Group will be a major beneficiary of this region. During the first half of 2018, its three metro property projects in Shenzhen, namely Logan • Carat Complex (龍光•玖鑽), Logan • Acesite Mansion（龍光•玖龍璽）and Logan • Acesite Park（龍光•玖龍台）, were well-received by the market, as evidenced by outstanding sales performance. In terms of the number of completed transactions/sales area/sales value, the Group ranked first in the Shenzhen market. Besides, "Logan • Carat Complex" (龍光•玖鑽) won the champion in both sales area and the number of completed transactions in the Shenzhen market in the first half of 2018. In addition, the Group continues its dominance and ranks as No.1 developer in the Shantou market.

During the period under review, the Group successfully secured new land bank of 6.45 million square meters through "public tendering, auction and listing". It also strategically established its footprint in "One-hour Living Circle" of Shanghai metropolitan area to foster new growth drivers. In addition, the highly profitable urban renewal projects have been another important source for the Group to replenish premium new land bank in Greater Bay Area. During the period, the Group has successfully launched two urban renewal projects for sales, namely "Zhuhai • Acesite Centrium (珠海 • 玖龍匯)" in Zhuhai and "Chancheng Green Island Lake（"禪城 • 綠島湖"）in Foshan. For the two projects, it took less than 1.5 years from land acquisition to sales. In the second half of 2018 and in next few years, the Group will turn more shantytown revamp and urban renewal projects into new revenue and earning drivers.

The Group has always believed a stable and prudent capital structure will build a solid foundation for its long-term sustainable development. In the first half of 2018, the Group successfully issued 2021 due senior notes with an aggregate principal amount of US$650 million, bearing coupon interest rates from 6.375% to 6.875%. It also issued 2021 due senior notes with a principal amount of SG$200 million, bearing a coupon rate of 6.125%. As at 30 June 2018, the Group had cash and bank balances (including restricted and pledged deposits) of approximately RMB27.6 billion, with a net debt-to-equity ratio of approximately 66.3% (As at 31 December 2017: 67.9%). The average borrowing interest rate was 6.0%. In the future, the Group will continue to explore and diversify financing channels to ensure sustainable and steady development.

PROSPECTS

The Chinese Central Government proposed to persist in "different policies to different cities", promote the balance between supply and demand, and accelerate the establishment of a long-term stable and healthy development mechanism of the property market. It is anticipated that the Chinese Central Government will maintain its nationwide financial deleveraging policy, moderately loose monetary policy and a more positive fiscal policy. The Group believes the Chinese property market will maintain its steady growth and the market share concentration of commercial properties will accelerate. It is anticipated China's population and industries will continue to be concentrated in the three major metropolitan clusters.

The Chinese Central Government expected the Greater-Bay Area will become an international technology innovation hub, with free flow and integration of innovative elements, talents and industries in the region. Compared with other three world-class bay areas, namely New York, San Francisco and Tokyo, the Greater Bay Area has long-term growth potential in per capita GDP and high value-added industries. Currently, the Greater Bay Area is home to 20 Fortune 500 companies, only second to the Tokyo Bay Area. Perched atop of the global industry value chain, the Greater Bay Area owns many globally competitive companies in the financial and technology fields. Given the continuous growth of GDP in the Greater Bay Area, it is expected that the number of Fortune 500 companies will continue to increase in future and more top talents will flow into this region. With infrastructure and facilities well established, the "One-hour Premium Living Circle" will emerge in the Greater Bay Area.

As at 30 June 2018, the total value of the Group's land bank amounted to RMB641.2 billion, of which 81% was located in the Greater Bay Area. This ensures the rapid growth of the Group's sales and profits in the future. Based on its premium land bank and strong execution ability, the Group is committed to focusing on the Greater Bay Area, as well as expanding the market share and profit scale of major cities in the region.

Given the accelerating market share concentration trend in the Chinese property industry, more merger and acquisition opportunities will arise in the Chinese property market. By utilizing its extensive operation experience in the Chinese real estate industry, the Group will actively seize the opportunity of land acquisition in the future, seek more mergers and acquisitions targets, and increase the Group's premium land bank through multiple channels, thereby locking in more high-return projects at the lowest cost. The Group will also accelerate sales and strive to enhance the overall product competitiveness of different projects. The Group will uphold the tenet that "quality builds a brand" and incessantly strengthen its market competitiveness and penetration. The Group will further promote the brand image of Logan Property and consolidate its leading position in the Greater Bay Area.

ACKNOWLEDGEMENTS

On behalf of the Board, I hereby express my heartfelt gratitude to all shareholders, investors, partners, customers, and the community for their support and trust. In the past year, thanks to the guidance given from the management of the Company, together with the efforts and contributions from all staff, the Group achieved stable development. In the future, the Company will continue to strive for considerable returns for all of its shareholders.

Kei Hoi Pang
Chairman
Hong Kong

15 August 2018

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

For the six months ended 30 June 2018, the revenue of the Group was RMB15,153.5 million, representing an increase of approximately 22.4% as compared with the corresponding period of 2017. The gross profit was RMB5,611.4 million, representing an increase of approximately 14.8% as compared with the corresponding period of 2017. The gross profit margin was 37.0%. For the six months ended 30 June 2018, profit attributable to the equity shareholders was RMB3,431.8 million, representing an increase of approximately 1.0% as compared with the corresponding period of 2017. For the six months ended 30 June 2018, the profit for the period net of changes in fair value of investment properties and derivative financial instruments and the relevant deferred tax and share of changes in fair value of investment properties at an associate (the "**Core Profit**") amounted to RMB2,937.9 million, having increased approximately 15.1% as compared with the corresponding period of 2017, the core profit margin was 19.4%. Basic earnings per share was RMB60.99 cents (the corresponding period of 2017: RMB61.84 cents). As at 30 June 2018, the net debt-to-equity ratio of the Group was 66.3%.

Performance Highlights

	For the six months ended 30 June		
	2018	2017	Changes
	RMB'000	*RMB'000*	*%*
Revenue	**15,153,528**	12,382,234	22.4%
Among which: sales of properties			
— Income from properties delivered	**13,074,239**	12,076,802	8.3%
— GFA[1] of properties delivered *(sq.m.)*	**739,314**	1,091,487	–32.3%
— ASP[1] of properties delivered *(RMB/sq.m.)*	**18,646**	10,556	76.6%
Rental income	**45,842**	44,763	2.4%
Construction income	**966,193**	260,669	270.7%
Primary land development income	**1,067,254**	—	—
Gross profit	**5,611,399**	4,889,024	14.8%
Profit for the period	**3,794,838**	3,755,442	1.0%
— Attributable to equity shareholders	**3,431,807**	3,399,006	1.0%
— Attributable to non-controlling interests	**363,031**	356,436	1.9%
Core profit[(1)]	**2,937,853**	2,552,583	15.1%
— Attributable to equity shareholders	**2,650,486**	2,547,568	4.0%
— Attributable to non-controlling interests	**287,367**	5,015	5,630.1%

	30 June 2018 RMB'000	31 December 2017 RMB'000	Changes %
Total assets	**143,023,233**	111,870,848	27.8%
Cash and bank balances (including cash and cash equivalents and restricted and pledged deposits)	**27,597,858**	22,407,985	23.2%
Total bank and other loans[2]	**48,098,425**	40,841,413	17.8%
Total equity	**30,935,996**	27,163,809	13.9%

Key financial ratios

Gross profit margin[(2)]	**37.0%**	34.4%
Core profit margin[(3)]	**19.4%**	16.7%
Net debt-to-equity ratio[(4)]	**66.3%**	67.9%
Liability to asset ratio[(5)]	**78.4%**	75.7%

1. Excluding parking lot.

2. Including bank and other loans, senior notes and corporate bonds.

Notes:

(1) Core profit: excluding changes in fair value of investment properties and derivatives and deferred tax and share of changes in fair value of investment properties at an associate.

(2) Gross profit margin: Gross profit ÷ Revenue * 100%

(3) Core profit margin: Core Profit ÷ Revenue * 100%

(4) Net debt-to-equity ratio: (Total bank and other loans − cash and bank balances) ÷ total equity * 100%

(5) Liability to asset ratio: Total liabilities ÷ total assets * 100%

Property Development

Contract sales

In the first half of 2018, the Company continues to utilize its market advantages in the Guangdong-Hong Kong-Macao Greater Bay Area ("**Greater Bay Area**") and achieved a satisfactory sales performance. For the period ended 30 June 2018, the Group attained contract sales of approximately RMB35,471.1 million, representing a significant increase of approximately 83.7% as compared with the corresponding period of 2017. For the contract sales in the first half of 2018, Shenzhen region, other regions of Greater Bay Area, Shantou region, Nanning region and other regions accounted for approximately 53.2%, 17.0%, 8.2%, 19.8% and 1.8%, respectively. The contract sales were mainly generated from Greater Bay Area and Nanning region. For Shenzhen region, the sales were mainly generated from Logan • Carat Complex (龍光•玖鑽) and Logan • Acesite Mansion (龍光•玖龍璽) projects erected on the Hongshan subway station at the Shenzhen's subway line 4, Logan • Acesite Park (龍光•玖龍台) in Shenzhen Guangming New District. The sales from Nanning region were mainly contributed by projects, namely Nanning • Acesite Park (南寧•玖龍台). In the second half of 2018, the Company will launch its new projects of Stirling Residences (尚景苑) in Singapore, Zhuhai • Acesite Centrium (珠海•玖龍匯) in Zhuhai, while Shenzhen Logan • Carat Complex (龍光•玖鑽), Shenzhen Logan • Acesite Park (龍光•玖龍台) and Huizhou Logan City (龍光城) will continue to be launched for sale.

It is expected that such projects will bring an encouraging sales performance to the Group. Since the land cost of such project lands is relatively low, the selling prices are in line with the Company's expectation, therefore bringing significant revenue and profit to the Company in the future.

	Contract sales in the first half of 2018				
Region	**Amount** *(RMB Million)*	**Percentage**	**Total GFA[1]** *(sq.m.)*	**Percentage**	**ASP[1]** *(RMB/ sq.m.)*
Shenzhen region	18,879	53.2%	319,165	17.5%	59,090
Other regions of Greater Bay Area[2]	6,032	17.0%	442,275	24.2%	13,395
Shantou region	2,909	8.2%	237,102	13.0%	11,692
Nanning region	7,024	19.8%	786,197	43.1%	8,598
Other regions	627	1.8%	40,348	2.2%	15,169
	35,471	100.0%	1,825,087	100.0%	19,706

1. Excluding car parking spaces
2. Excluding Shenzhen Region

Revenue from Sales of Properties

For the six months ended 30 June 2018, the revenue from sales of properties amounted to RMB13,074.2 million, representing an increase of approximately 8.3% as compared with the revenue from sales of properties of RMB12,076.8 million in the corresponding period of 2017 and accounting for 86.3% of the total revenue. Area delivered (excluding car parking spaces) decreased by 32.3% to 739,314 sq.m. for the six months ended 30 June 2018 from 1,091,487 sq.m. in the corresponding period of 2017. Shenzhen region, other regions of Greater Bay Area, Shantou region, Nanning region and other regions contributed to the revenue from sales of properties in the first half of 2018, accounting for approximately 26.0%, 50.1%, 14.1%, 9.0% and 0.8%, respectively.

	Revenue from sales of properties in the first half of 2018				
Region	**Amount** *(RMB million)*	**Percentage**	**Total GFA[1]** *(sq.m.)*	**Percentage**	**ASP (excluding car parking spaces)** *(RMB/ sq.m.)*
Shenzhen region	3,425	26.0%	55,932	7.6%	63,408
Other regions of Greater Bay Area[2]	6,603	50.1%	439,466	59.5%	16,301
Shantou region	1,854	14.1%	116,150	15.7%	16,090
Nanning region	1,183	9.0%	120,828	16.3%	9,125
Other regions	109	0.8%	6,938	0.9%	14,906
Total	13,174	100%	739,314	100%	18,646
Less: Business tax and sale related taxes	100				
Revenue from sale of properties	13,074				

1. Excluding car parking spaces
2. Excluding Shenzhen region

Newly commenced projects

As at 30 June 2018, the Group commenced construction of a total of 23 projects or new project phases with a total planned GFA of approximately 5.3 million sq.m..

Completed projects

As at 30 June 2018, the Group completed 8 projects or project phases with a total planned GFA of approximately 0.9 million sq.m..

Developing projects

As at 30 June 2018, the Group had a total of 49 projects or project phases under construction with a total planned GFA of approximately 12.3 million sq.m..

Land Reserves

For the six months ended 30 June 2018, the Group acquired 24 new projects through public tendering, auction and listing with a total GFA of 6,446,063 sq.m..

List of newly acquired projects through public tendering, auction and listing in the first half of 2018

Region	**Site Area**	**Total GFA**	**Total Land Cost**	**Equity Land Cost**	**Average Land Cost**
	(sq.m.)	*(sq.m.)*	*(RMB million)*	*(RMB million)*	*(RMB/ sq.m.)*
Huizhou	27,990	115,830	151	50	1,304
Foshan	299,167	1,638,058	9,064	8,593	5,533
Zhaoqing	218,048	1,676,024	1,650	825	984
Zhuhai	107,156	349,686	2,226	1,567	6,366
Zhongshan	97,423	349,444	1,693	847	4,845
Dongguan	34,418	122,760	1,258	629	10,248
Heyuan	38,113	98,680	162	81	1,642
Qingyuan	33,288	106,770	487	244	4,561
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	855,603	4,457,252	16,691	12,836	3,745
Shantou Region	45,301	266,059	1,105	553	4,153
Nanning Region	264,663	1,432,408	3,138	1,379	2,191
Yangtze River Delta Region	54,131	119,608	813	589	6,797
Other Regions	81,471	170,736	680	340	3,983
Total	1,301,169	6,446,063	22,427	15,697	3,479

As at 30 June 2018, the total GFA of the land reserves of the Group amounted to approximately 35,462,202 sq.m., the average cost of land reserves was RMB3,943 per sq.m., in which Guangdong-Hong Kong-Macao Greater Bay Area accounted for over 72%, if calculated by land value.

Land reserves as at 30 June 2018

	GFA *(sq.m.)*	Percentage
Shenzhen	2,094,295	5.9%
Huizhou/Dongguan	6,230,797	17.6%
Guangzhou/Foshan/Zhaoqing	6,718,454	18.9%
Zhuhai/Zhongshan	3,578,724	10.1%
Hong Kong	70,606	0.2%
Heyuan/Yangjiang/Qingyuan	3,271,877	9.2%
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	21,964,753	61.9%
Shantou Region	3,991,785	11.3%
Nanning Region	7,850,328	22.1%
Yangtze River Delta Region	119,608	0.3%
Singapore	189,909	0.5%
Other Regions	1,345,819	3.9%
Total	35,462,202	100.0%
Land cost *(RMB/per sq.m.)*	3,943	

Property Investments

Rental income

The rental income of the Group for the six months ended 30 June 2018 amounted to RMB45.8 million, representing an increase of approximately 2.4% as compared with the corresponding period of 2017.

Investment properties

As at 30 June 2018, the Group had 31 investment properties with a total GFA of approximately 486,402 sq.m. Among those investment property portfolios, 26 investment properties with a total GFA of approximately 240,429 sq.m. have been completed, and the remaining 5 are still under development.

Financial Review

(I) Revenue

Revenue of the Group for the six months ended 30 June 2018 amounted to RMB15,153.5 million, representing an increase of approximately RMB2,771.3 million, or approximately 22.4%, as compared with the corresponding period of 2017, primarily due to the increase in revenue from sales of properties as compared with the corresponding period of 2017, and revenue from primary land development for this period amounted to RMB1,067.3 million, compared to nil for the same period of the previous year. Revenue from sales of properties for the six months ended 30 June 2018 amounted to approximately RMB13,074.2 million, representing an increase of approximately 8.3% as compared with approximately RMB12,076.8 million in the corresponding period of 2017.

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

	For the six months ended 30 June			
	2018		2017	
Project name	**Area[1]** *(sq.m.)*	**Amount[2]** *(RMB'000)*	Area[1] *(sq.m.)*	Amount[2] *(RMB'000)*
Shenzhen Acesite Mansion (深圳 玖龍璽)	**40,755**	**2,907,427**	6,570	603,120
Shenzhen Masterpiece (深圳 玖雲著)	**10,115**	**377,768**	—	—
Huizhou Logan City (惠州 龍光城)	**5,126**	**94,544**	326,184	4,451,551
Dongguan Imperial Summit Sky Villa (東莞 君御旗峰)	**—**	**3,827**	—	5,557
Dongguan Royal Castle (東莞 君御華府)	**—**	**—**	—	10,969
Huizhou Sky Palace (惠州 天悦龍庭)	**279**	**—**	126	2,280
Huizhou Grand Riverside Bay (惠州 水悦龍灣)	**—**	**41,735**	1,608	20,762
Guangzhou Landscape Residence (廣州 峰景華庭)	**—**	**2,158**	—	9,075
Guangzhou Palm Waterfront (廣州 棕櫚水岸)	**—**	**2,123**	364	14,586
Zhuhai Easy Life (珠海 海悦雲天)	**—**	**—**	—	446
Zhuhai Acesite Bay (珠海 玖龍灣)	**23,052**	**785,175**	—	—

Project name	For the six months ended 30 June			
	2018		2017	
	Area[1]	**Amount[2]**	Area[1]	Amount[2]
	(sq.m.)	***(RMB'000)***	*(sq.m.)*	*(RMB'000)*
Zhuhai Acesite Park (珠海　玖瓏府)	**145,089**	**2,512,018**	—	—
Foshan Grand View (佛山　水悅雲天)	**434**	**4,092**	—	—
Foshan Grand Riverside Bay (佛山　水悅龍灣)	**1,024**	**36,572**	14,999	138,681
Foshan Grand Joy Palace (佛山　君悅龍庭)	**1,620**	**13,788**	6,452	64,455
Foshan Grand Joy Castle (佛山　君悅華府)	**512**	**8,894**	863	13,996
Foshan Shin Street Building (佛山　尚街大廈)	**—**	**123**	2,408	31,223
Foshan Grand Garden (佛山　水悅熙園)	**213**	**29,728**	1,213	16,806
Foshan Sky Lake Castle (佛山　天湖華府)	**789**	**21,333**	61,067	871,478
Foshan Riverside Bay Castle/ Riverine View Castle (佛山　龍灣華府／望江府)	**266,645**	**3,169,146**	—	—
Zhongshan Grand Joy Garden (中山　水悅馨園)	**—**	**14,490**	148	16,294
Zhongshan Ocean Grange (中山　海悅熙園)	**—**	**—**	—	351
Zhongshan Grand Garden (中山　水悅熙園)	**—**	**—**	—	2,900
Zhongshan Ocean Vista Residence (中山　海悅華庭)	**88**	**2,429**	233	8,491
Shantou Seaward Sunshine (汕頭　尚海陽光)	**1,344**	**24,157**	29,220	420,237
Shantou Flying Dragon Garden (汕頭　龍騰熙園)	**—**	**149**	—	136
Shantou Flying Dragon Landscape (汕頭　龍騰嘉園)	**—**	**16,773**	56,941	445,588
Shantou Royal Sea Sunshine (汕頭　御海陽光)	**—**	**—**	205,600	2,552,614
Shantou Royal & Seaward Jubilee Garden (汕頭　御海熙園)	**—**	**13,828**	88,851	649,068

	For the six months ended 30 June			
	2018		2017	
Project name	**Area[1]** **(*sq.m.*)**	**Amount[2]** **(*RMB'000*)**	Area[1] (*sq.m.*)	Amount[2] (*RMB'000*)
Shantou Royal & Seaward Heaven Garden (汕頭　御海天禧花園)	**103,969**	**1,613,255**	—	—
Shantou Sea & Sunshine (汕頭　碧海陽光)	**10,837**	**185,559**	35,377	407,594
Nanning Provence (南寧　普羅旺斯)	**—**	**14,485**	55,840	451,002
Nanning Grand Riverside Bay (南寧　水悅龍灣)	**165**	**5,428**	614	12,876
Nanning Royla Castle (南寧　君悅華府)	**117**	**6,369**	624	13,325
Nanning Joy Residence (南寧　君悅華庭)	**—**	**2,514**	—	4,967
Nannning Sunshine Royal Lake (南寧　御湖陽光)	**99,610**	**1,020,179**	—	—
Guilin Provence (桂林　普羅旺斯)	**7,625**	**48,262**	7,547	39,383
Fangchenggang Sunshine Seaward (防城港　陽光海岸)	**12,968**	**86,167**	112,721	465,185
Chengdu Sky Palace (成都　天悅龍庭)	**—**	**1,371**	—	12,384
Chengdu Joy Residence (成都　君悅華庭)	**3,188**	**42,639**	42,898	208,912
Hainan Sea and City (海南　海雲天)	**3,750**	**65,185**	33,019	293,335
Total	**739,314**	**13,173,690**	1,091,487	12,259,627
Less: Business tax and sale related taxes		**99,451**		182,825
Revenue from sale of properties		**13,074,239**		12,076,802

1. Excluding the GFA attributable to the car parking spaces.
2. Including revenue from sales of car parking spaces.

(II) Cost of sales

The cost of sales of the Group increased by approximately RMB2,048.9 million, or approximately 27.3%, as compared with the corresponding period of 2017, primarily due to the expansion of business scale as compared with the corresponding period of 2017. Key components of costs are as follows:

	For the six months ended 30 June		
	2018	2017	Changes
	RMB'000	*RMB'000*	*%*
Total costs	**9,542,129**	7,493,210	27.3%
Property development costs	**8,284,916**	7,263,482	14.1%
Costs of construction, property leasing and primary land development	**1,257,213**	229,728	447.3%

(III) Selling and marketing expenses and administrative expenses

The selling and marketing expenses of the Group for the six months ended 30 June 2018 amounted to approximately RMB270.7 million (the corresponding period of 2017 was approximately RMB295.7 million). The relevant selling and marketing expenses decreased by approximately 8.5% as compared with the corresponding period of 2017.

The administrative expenses of the Group for the six months ended 30 June 2018 amounted to approximately RMB446.7 million (the corresponding period of 2017 was approximately RMB288.3 million), representing an increase of approximately 54.9% as compared with the corresponding period of 2017. The increase was primarily due to the increase in staff costs.

The percentage of selling and marketing expenses and administrative expenses to contract sales of the Group decreased from 3.0% for the six months ended 30 June 2017 to 2.0% for the six months ended 30 June 2018.

(IV) Profit from operations

The profit from operations of the Group for the six months ended 30 June 2018 increased by RMB310.0 million to approximately RMB6,665.4 million (the corresponding period of 2017: approximately RMB6,355.4 million). As the revenue and other income and gains of the Group increased by approximately RMB3,220.3 million as compared with the corresponding period of 2017, the relevant cost of sales, selling and marketing expenses and administrative expenses also increased by approximately RMB2,182.3 million as compared with the corresponding period of 2017, and other expenses, net increase in fair value of investment properties and net changes in the fair value of derivation financial instruments, and share of profit of associates and share of losses of joint ventures decreased by approximately

RMB728.0 million as compared with the corresponding period of 2017. As a result, the profit from operations of the Group increased by approximately RMB310.0 million as compared with the corresponding period of 2017.

(V) Finance costs

The net finance costs of the Group for the six months ended 30 June 2018 increased to approximately RMB520.9 million (the corresponding period of 2017 was approximately RMB318.2 million), primarily due to the increase in scales of corporate bonds and senior notes.

(VI) Income tax

Taxes of the Group for the six months ended 30 June 2018 included CIT and LAT. Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB1,638.0 million and RMB711.7 million, respectively (the corresponding period of 2017: approximately RMB1,257.1 million and RMB1,024.7 million).

(VII) Core Profit

The Core Profit of the Group for the six months ended 30 June 2018 amounted to approximately RMB2,937.9 million, representing an increase of approximately RMB385.3 million or approximately 15.1% as compared with the corresponding period of 2017. The Core Profit margin of the Group for the six months ended 30 June 2018 was approximately 19.4% (the corresponding period of 2017 was approximately 20.6%).

(VIII) Liquidity and financial resources

As at 30 June 2018, total assets of the Group amounted to approximately RMB143,023.2 million (31 December 2017: approximately RMB111,870.8 million), of which current assets amounted to approximately RMB104,381.8 million (31 December 2017: approximately RMB83,594.5 million). Total liabilities amounted to approximately RMB112,087.2 million (31 December 2017: approximately RMB84,707.0 million), of which non-current liabilities amounted to approximately RMB33,136.3 million (31 December 2017: approximately RMB27,413.3 million). Total equity amounted to approximately RMB30,936.0 million (31 December 2017: approximately RMB27,163.8 million), of which total equity interests attributable to equity shareholders amounted to RMB26,575.3 million (31 December 2017: approximately RMB23,306.2 million).

As at 30 June 2018, the Group had cash and bank balances (including restricted and pledged deposits) of RMB27,597.9 million (31 December 2017: RMB22,408.0 million) and total bank and other loans of RMB48,098.4 million (31 December 2017: RMB40,841.4 million). As at 30 June 2018, total net borrowings of the Group amounted to RMB20,500.6 million (31 December 2017: RMB18,433.4 million), the net debt-to-equity ratio of the Group was 66.3% (31 December 2017: 67.9%).

(IX) Financing activities

During the six months ended 30 June 2018, the Group successfully issued three tranches of senior notes. The first tranche of senior notes amounted to US$250,000,000, with a coupon rate of 6.375% and a maturity date on 7 March 2021. The second tranche of senior notes amounted to SG$200,000,000, with a coupon rate of 6.125% and a maturity date on 16 April 2021. The third tranche of senior notes amounted to US$400,000,000, with a coupon rate of 6.875% and a maturity date on 24 April 2021.

(X) Foreign exchange risk

Most of the Group's businesses are denominated in Renminbi. Foreign exchange risk mainly arises from the outstanding foreign currency borrowings (mainly denominated in US dollars). In the first half of 2018, the Group did not hold any derivative for hedging purpose.

(XI) There was no significant events affecting the Group which have occurred since the end of the six months ended 30 June 2018.

CORPORATE GOVERNANCE AND EMPLOYEE MOTIVATION

Logan Property has been committed to utilising modern corporate governance systems. The Company has established a professional management team to enhance the level of governance of the Group. Through an employee incentive mechanism, benefits of the management team are fully in line with that of the Company, so as to create the greatest value for Shareholders.

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

For the six months ended 30 June 2018, the Company had repurchased from the market a total of 662,000 shares of the Company. Details of the repurchases of the shares of the Company are as follows:

Date of repurchase	Number of shares repurchased	Highest price per share *(HK$)*	Lowest price per share *(HK$)*	Aggregate consideration *(HK$)*
28 June 2018	480,000	10.12	9.58	4,725,960
29 June 2018	182,000	10.36	9.89	1,839,760

On 7 March 2018, the Company issued US$250 million of 6.375% senior notes due in 2021. On 16 April 2018, the Company issued SG$200 million of 6.125% senior notes due in 2021. On 24 April 2018, the Company issued US$300 million of 6.875% senior notes due in 2021. On 30 May 2018, the Company issued additional senior notes in the aggregate principal amount of US$100 million which were consolidated and formed a single series with the original US$300 million of 6.875% senior notes. All of the new notes issued as aforesaid had been admitted to the official list of the Singapore Exchange Securities Trading Limited.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

Save as disclosed below, the Company has applied the principles and complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the six months ended 30 June 2018.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Prior to 29 January 2018, the functions of chairman and chief executive officer of the Company ("**CEO**") were performed by Mr. Kei Hoi Pang, an executive director of the Company, who is also the founder of the Company. In order to enhance the Company's corporate governance practices and enable the Company to better comply with the code provision in the CG Code, Mr. Kei Hoi Pang resigned from the position as CEO and Mr. Ji Jiande, an executive director of the Company, has been appointed as CEO with effect from 29 January 2018.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed, with no disagreement, with the Company's management, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2018.

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 standard set out in the Model Code during the six months ended 30 June 2018.

INTERIM DIVIDEND AND SPECIAL DIVIDEND

The Board declared an interim dividend (the "**Interim Dividend**") in cash of HK20 cents per share for the six months ended 30 June 2018 (six months ended 30 June 2017: HK19 cents) and special dividend (the "**Special Dividend**") in cash of HK8 cents per share for the six months ended 30 June 2018 (six months ended 30 June 2017: HK3 cents), amounting to a total dividend of HK28 cents per share (six months ended 30 June 2017: HK22 cents).

The Interim Dividend and Special Dividend will be paid on or about 30 November 2018 to the shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 6 November 2018.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who qualify for the Interim Dividend and Special Dividend, the register of members of the Company will be closed from Friday, 2 November 2018 to Tuesday, 6 November 2018, both days inclusive. In order to qualify for the Interim Dividend and Special 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 Thursday, 1 November 2018.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (http://www.loganproperty.com) and The Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2018 containing all the information will be despatched to shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 15 August 2018

As at the date of this announcement, the executive directors of the Company 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.