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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

2018 RESULTS HIGHLIGHTS

- Contracted sales increased by 65.4% to RMB71,803 million of which attributable contracted sale of properties amounted to RMB70,064 million.
- Revenue increased by 59.4% to RMB44,136.9 million.
- Gross profit amounted to RMB14,886.9 million, of which gross profit on property development was RMB13,808.3 million. Gross profit margin on this segment was 35.6%.
- Net profit amounted to RMB8,995.9 million. Core profit* increased by 65.7% to RMB7,654.7 million, of which RMB7,023.0 million was attributable to equity holders of the Company, representing an increase of 51.7%. Core profit margin was 17.3%.
- Cash and bank balances (including restricted and pledged deposits) were RMB35,717.2 million as at 31 December 2018. Net debt-to-equity ratio was 63.2%.
- Proposed final dividend of HK40 cents per share and a special dividend of HK7 cents per share together with a total interim dividend (including special dividend) of HK28 cents per share, will amount to a total dividend of HK75 cents per share. The total dividend accounted for approximately 50.6% of the core profit attributable to the equity shareholders of the Company.

* Core profit equal to net profit adjusted to 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.

ANNUAL RESULTS

The board of directors (the "**Board**") of Logan Property Holdings Company Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018 together with the comparative figures for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	Notes	**2018** ***RMB'000***	2017 *RMB'000*
REVENUE	*4*	**44,136,908**	27,689,658
Cost of sales		**(29,250,015)**	(18,172,475)
Gross profit		**14,886,893**	9,517,183
Other income and gains	*4*	**1,368,665**	696,303
Other expenses	*5*	**(56,655)**	(10,056)
Selling and marketing expenses		**(1,231,356)**	(928,729)
Administrative expenses		**(1,133,851)**	(748,045)
Net increase in fair value of investment properties		**1,740,726**	2,942,276
Net increase/(decrease) in fair value of derivative financial instruments		**45,970**	(113,214)
Share of profits and losses of associates		**(42,958)**	278,497
Share of losses of joint ventures		**(141,431)**	(73,097)
PROFIT FROM OPERATIONS		**15,436,003**	11,561,118
Finance costs	*6*	**(1,416,943)**	(672,154)
PROFIT BEFORE TAX	*7*	**14,019,060**	10,888,964
Income tax expense	*8*	**(5,023,154)**	(3,880,514)
PROFIT FOR THE YEAR		**8,995,906**	7,008,450
Attributable to:			
Owners of the parent		**8,288,398**	6,527,400
Non-controlling interests		**707,508**	481,050
		8,995,906	7,008,450
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(RMB cents)*	*10*		
Basic		**147.95**	117.03
Diluted		**145.69**	115.39

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	2018	2017
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**8,995,906**	7,008,450
OTHER COMPREHENSIVE INCOME FOR THE YEAR (after tax and reclassification adjustments)		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of group entities	**(283,783)**	80,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**8,712,123**	7,088,450
Attributable to:		
Owners of the parent	**8,004,615**	6,607,400
Non-controlling interests	**707,508**	481,050
	8,712,123	7,088,450

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	**2018** **RMB'000**	2017 *RMB'000*
NON-CURRENT ASSETS			
Investment properties		**18,338,011**	15,664,830
Other property, plant and equipment		**176,014**	147,867
Deferred tax assets		**649,725**	330,206
Investments in associates		**1,447,180**	2,653,386
Investments in joint ventures		**18,042,573**	9,261,913
Assets under cross-border guarantee arrangements		**526,335**	—
Restricted and pledged deposits		**274,350**	218,102
Total non-current assets		**39,454,188**	28,276,304
CURRENT ASSETS			
Inventories		**54,780,698**	38,457,739
Trade and other receivables, prepayments and other assets	*11*	**37,816,369**	20,448,286
Tax recoverable		**773,299**	753,256
Assets under cross-border guarantee arrangements	*13*	**1,827,322**	1,745,380
Restricted and pledged deposits		**6,990,339**	2,311,691
Cash and cash equivalents		**28,452,462**	19,878,192
Total current assets		**130,640,489**	83,594,544
CURRENT LIABILITIES			
Trade and other payables	*12*	**47,449,771**	37,275,788
Contract liabilities		**16,784,879**	—
Liabilities under cross-border guarantee arrangements	*13*	**2,515,233**	1,745,380
Bank and other loans		**9,577,092**	5,597,885
Senior notes		**—**	2,965,541
Other current liabilities	*14*	**7,652,449**	7,000,000
Tax payable		**4,559,087**	2,709,162
Total current liabilities		**88,538,511**	57,293,756
NET CURRENT ASSETS		**42,101,978**	26,300,788
TOTAL ASSETS LESS CURRENT LIABILITIES		**81,556,166**	54,577,092

	Note	**2018**	2017
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Liabilities under cross-border guarantee arrangements		**526,335**	—
Bank and other loans		**11,966,970**	14,191,435
Senior notes		**16,764,667**	5,924,103
Corporate bonds	*14*	**12,980,000**	5,162,449
Deferred tax liabilities		**2,572,408**	2,135,296
Total non-current liabilities		**44,810,380**	27,413,283
Net assets		**36,745,786**	27,163,809
EQUITY			
Equity attributable to owners of the parent			
Share capital		**434,041**	433,828
Perpetual capital securities		**2,363,346**	2,363,346
Reserves		**26,451,419**	20,509,047
		29,248,806	23,306,221
Non-controlling interests		**7,496,980**	3,857,588
Total equity		**36,745,786**	27,163,809

NOTES TO FINANCIAL STATEMENTS

31 December 2018

1. GENERAL INFORMATION

Logan Property Holdings Company Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in property development, property investment, construction and decoration and primary land development in the People's Republic of China (the "PRC") during the year.

In the opinion of the directors, the ultimate controlling party of the Company is Ms. Kei Perenna Hoi Ting, who is a non-executive director of the Company.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2018 but are extracted from those financial statements.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all 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 disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value.

These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

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

The adoption of the new and revised standards and interpretation has had no significant financial effect on these financial statements.

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 and decoration contracts segment engages in construction of office premises and residential buildings and provides decoration services for external customers and for group companies, and provides interior decoration services to property buyers; and

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

Reportable segment information

	Property development *RMB'000*	Property leasing *RMB'000*	Construction and decoration contracts *RMB'000*	Primary land development *RMB'000*	Total *RMB'000*
For the year ended 31 December 2018					
Gross revenue from external customers	**39,062,896**	**91,676**	**4,191,649**	**1,067,449**	**44,413,670**
Less: Business tax and other sales related taxes	**(258,518)**	**(8,530)**	**(9,519)**	**(195)**	**(276,762)**
Net revenue from external customers	**38,804,378**	**83,146**	**4,182,130**	**1,067,254**	**44,136,908**
Inter-segment revenue	**—**	**37,421**	**10,000,602**	**—**	**10,038,023**
Reportable segment revenue	**38,804,378**	**120,567**	**14,182,732**	**1,067,254**	**54,174,931**
Reportable segment profit	**12,754,833**	**103,356**	**3,415,515**	**640,574**	**16,914,278**

	Property development *RMB'000*	Property leasing *RMB'000*	Construction and decoration contracts *RMB'000*	Primary land development *RMB'000*	Total *RMB'000*
For the year ended 31 December 2017					
Gross revenue from external customers	26,951,179	87,843	966,373	—	28,005,395
Less: Business tax and other sales related taxes	(309,102)	(4,460)	(2,175)	—	(315,737)
Net revenue from external customers	26,642,077	83,383	964,198	—	27,689,658
Inter-segment revenue	—	24,241	4,844,974	—	4,869,215
Reportable segment revenue	26,642,077	107,624	5,809,172	—	32,558,873
Reportable segment profit	8,083,576	93,283	932,552	—	9,109,411

Information about a major customer

During the years ended 31 December 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

	2018	2017
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**54,174,931**	32,558,873
Elimination of inter-segment revenue	**(10,038,023)**	(4,869,215)
Consolidated revenue	**44,136,908**	27,689,658
Profit		
Reportable segment profit	**16,914,278**	9,109,411
Elimination of inter-segment profits	**(3,985,371)**	(865,450)
Reportable segment profit derived from the Group's external customers	**12,928,907**	8,243,961
Other income and gains	**1,368,665**	696,303
Other expenses	**(56,655)**	(10,056)
Depreciation	**(57,295)**	(64,421)
Finance costs	**(1,416,943)**	(672,154)
Share of profits and losses of associates	**(42,958)**	278,497
Share of losses of joint ventures	**(141,431)**	(73,097)
Net increase in fair value of investment properties	**1,740,726**	2,942,276
Net increase/(decrease) in fair value of derivative financial instruments	**45,970**	(113,214)
Unallocated head office and corporate expenses	**(349,926)**	(339,131)
Consolidated profit before tax	**14,019,060**	10,888,964

Geographic information

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

	2018 *RMB'000*	2017 *RMB'000*
Revenue from contracts with customers		
Sale of properties*	**39,062,896**	26,951,179
Construction and decoration income	**4,191,649**	966,373
Primary land development income	**1,067,449**	—
Revenue from other sources		
Gross rental income	**91,676**	87,843
	44,413,670	28,005,395
Less: Business tax and other sales related taxes	**(276,762)**	(315,737)
	44,136,908	27,689,658
Other income and gains		
Bank interest income	**215,669**	102,863
Interest income on amounts due from associates and joint ventures	**798,298**	478,934
Forfeiture income on deposits received	**25,428**	13,309
Government subsidies	**6,760**	8,735
Gain on deemed disposal of subsidiaries upon loss on control, net	**188,368**	36,128
Gains on remeasurement of pre-existing interests in joint ventures to the date of obtaining control and acquisition	**47,384**	—
Gains on bargain purchase	**38**	—
Foreign exchange differences, net	**—**	21,374
Others	**86,720**	34,960
	1,368,665	696,303

* For the year ended 31 December 2018, the invoiced amount billed to buyers of properties was RMB41,771,393,000 (2017: RMB28,503,441,000) including value-added tax of RMB2,708,497,000 (2017: RMB1,552,262,000).

5. OTHER EXPENSES

	2018 *RMB'000*	2017 *RMB'000*
Charitable donations	**42,394**	4,072
Foreign exchange differences, net	**14,074**	—
Net loss on disposal of items of other property, plant and equipment	**3**	65
Others	**184**	5,919
	56,655	10,056

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2018 *RMB'000*	2017 *RMB'000*
Interest on bank and other loans and other borrowing costs	**1,339,967**	1,246,238
Interest on senior notes	**881,605**	680,162
Interest on corporate bonds	**975,814**	615,117
Total interest expense on financial liabilities not at fair value through profit or loss	**3,197,386**	2,541,517
Less: Interest capitalised	**(1,780,443)**	(1,869,363)
	1,416,943	672,154

7. PROFIT BEFORE TAX

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

	2018	2017
	RMB'000	*RMB'000*
Cost of properties sold	**24,996,099**	17,329,719
Cost of services provided	**4,253,916**	842,756
Depreciation	**62,423**	67,105
Less: Amount capitalised	**(5,128)**	(2,684)
	57,295	64,421
Minimum lease payments under operating leases for land and buildings	**17,339**	15,486
Auditor's remuneration	**6,360**	6,800
Employee benefit expenses (including directors' remuneration):		
Salaries and other staff costs	**1,113,402**	977,661
Equity-settled share option expense	**20,963**	14,237
Pension scheme contributions	**79,311**	65,524
Less: Amount capitalised	**(377,683)**	(334,398)
	835,993	723,024
Foreign exchange differences, net	**14,074**	(21,374)
Gain on deemed disposal of subsidiaries upon loss of control, net	**(188,368)**	(36,128)
Net loss on disposal of items of other property, plant and equipment	**3**	65
Gains on remeasurement of pre-existing interests in joint ventures to the date of obtaining control and acquisition	**(47,384)**	—
Gains on bargain purchase	**(38)**	—

8. INCOME TAX

	2018 *RMB'000*	2017 *RMB'000*
Current charge for the year:		
PRC Corporate Income Tax (the "CIT")	**3,108,577**	1,910,435
PRC Land Appreciation Tax (the "LAT")	**1,731,850**	1,454,355
Dividend withholding tax	**210,000**	—
(Overprovision)/underprovision in prior years, net:		
PRC CIT	**(9,857)**	64,228
	5,040,570	3,429,018
Deferred	**(17,416)**	451,496
Total tax charge for the year	**5,023,154**	3,880,514

9. DIVIDENDS

	2018 *RMB'000*	2017 *RMB'000*
Interim and special dividends — HK20 cents and HK8 cents respectively (2017: HK19 cents and HK3 cents) per ordinary share	**1,346,229**	1,010,458
Proposed final and special dividends — HK40 cents and HK7 cents respectively (2017: HK17 cents and HK2 cents) per ordinary share	**2,210,076**	842,076
	3,556,305	1,852,534

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities, and the weighted average number of ordinary shares of 5,490,496,000 (2017: 5,495,128,000) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year 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 year, 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:

	2018 *RMB'000*	2017 *RMB'000*
Earnings		
Profit attributable to owners of the parent	**8,288,398**	6,527,400
Distribution related to perpetual capital securities	**(165,434)**	(96,503)
Profit used in the basic and diluted earnings per share calculations	**8,122,964**	6,430,897

	Number of shares 2018 *'000*	 2017 *'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**5,490,496**	5,495,128
Effect of dilution — weighted average number of ordinary shares:		
Share options	**84,912**	77,848
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**5,575,408**	5,572,976

11. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

	Notes	2018 *RMB'000*	2017 *RMB'000*
Trade receivables	*(i)*	**18,214**	486,042
Prepayments and other receivables		**8,175,454**	3,929,825
Land deposits	*(ii)*	**3,046,119**	1,230,892
Amounts due from related companies	*(iii)*	**181,658**	130,751
Amounts due from non-controlling shareholders	*(iii)*	**1,623,294**	—
Amounts due from associates	*(iv)*	**5,911,652**	3,606,723
Amounts due from joint ventures	*(v)*	**18,691,077**	11,045,375
Costs for obtaining contracts	*(vi)*	**103,353**	—
Derivative financial instruments:			
Senior notes redemption call options		**65,548**	18,678
		37,816,369	20,448,286

Notes:

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

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.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. 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 or invoice date and net of loss allowance, is as follows:

	2018	2017
	RMB'000	*RMB'000*
Current to 30 days	**488**	317,566
31 days to 90 days	**8,190**	800
91 to 180 days	**1,057**	138,454
181 to 365 days	**8,375**	27,990
Over 365 days	**104**	1,232
	18,214	486,042

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

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

(iv) Except for the amount of RMB2,490 million (2017: Nil) which is unsecured, bearing interest at 6.88% per annum and repayable in 2019, other amounts due from associates are unsecured, interest-free and repayable on demand.

(v) Except for the amounts of RMB862 million (2017: Nil) which are unsecured, bearing interest ranging from 4.79% to 5.35% per annum and repayable in 2019, other amounts due from joint ventures are unsecured, interest-free and repayable on demand.

(vi) The amount represents prepaid agency fees in connection with the sale of properties.

12. TRADE AND OTHER PAYABLES

	Notes	2018 RMB'000	2017 RMB'000
Trade payables	*(i)*	**12,503,788**	7,304,745
Other payables and accrued charges	*(ii)*	**7,117,016**	2,904,694
Customer deposits received		**41,630**	68,421
Rental and other deposits received		**112,012**	86,563
Receipts in advance	*(iii)*	**—**	19,614,745
Proceeds from asset-backed securities	*(iv)*	**1,594,890**	1,570,128
Amounts due to non-controlling shareholders	*(v)*	**10,684,550**	—
Amounts due to related companies	*(vi)*	**14,250**	7,401
Amounts due to joint ventures	*(vii)*	**15,378,135**	5,719,091
Amounts due to associates	*(viii)*	**3,500**	—
		47,449,771	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:

	2018 RMB'000	2017 RMB'000
Current to 30 days	**3,512,217**	2,385,566
31 to 90 days	**2,719,421**	757,914
91 to 180 days	**1,411,230**	383,827
181 to 365 days	**2,805,100**	2,435,913
Over 365 days	**2,055,820**	1,341,525
	12,503,788	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 balance was reclassified to contract liabilities upon the adoption of HKFRS 15.

(iv) The balance represented proceeds, deduction of certain percentage of upfront fee, received from a specific purpose entity ("SPE") set up by a financial institution in the PRC for the 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 holder of the asset-backed securities any cash flows it collects on behalf of the SPE.

(v) The amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand, except for amounts of RMB94,000,000 (2017: Nil) as at 31 December 2018 which bear interest at fixed interest rate ranging from 5.7% to 7.0% (2017: Nil).

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

(vii) The amounts due to joint ventures are unsecured, interest-free and repayable on demand, except for an amount of RMB7,542,163,000 (2017: Nil) which is repayable in December 2019.

(viii) The amounts due to associates are unsecured, interest-free and repayable on demand.

13. ASSETS AND LIABILITIES UNDER CROSS-BORDER GUARANTEE ARRANGEMENTS

During 2018 and 2017, the Group entered into some cross-border guarantee arrangements with certain financial institutions, whereby certain onshore funding (i.e. in the PRC) has been used as a pledge against advances to offshore (i.e. in Hong Kong) for the Group's general working capital.

Pursuant to these arrangements which are made in compliance with the relevant rules and regulations promulgated by the State Administration of Foreign Exchange, funds are advanced to the Group's subsidiaries in Hong Kong by depositing a certain amount of funds in the relevant financial institutions by the Group's subsidiaries in the PRC. The net cost of such arrangements is less than 1% per annum of the total funds advanced.

	2018 ***RMB'000***	2017 *RMB'000*
Assets under cross-border guarantee arrangements	**2,353,657**	1,745,380
Portion classified as current assets	**(1,827,322)**	(1,745,380)
Non-current portion	**526,335**	—
Liabilities under cross-border guarantee arrangements	**3,041,568**	1,745,380
Portion classified as current liabilities	**(2,515,233)**	(1,745,380)
Non-current portion	**526,335**	—

14. CORPORATE BONDS

	2018 *RMB'000*	2017 *RMB'000*
Corporate bonds due in 2019	**3,252,449**	3,262,449
Corporate bonds due in 2020	**4,490,000**	4,500,000
Corporate bonds due in 2021	**4,400,000**	4,400,000
Corporate bonds due in 2022	**8,490,000**	—
	20,632,449	12,162,449
Portion classified as current liabilities	**(7,652,449)**	(7,000,000)
Non-current liabilities	**12,980,000**	5,162,449

15. EVENTS AFTER THE REPORTING PERIOD

(a) On 9 January 2019, the Company issued senior notes with a principal amount of US$50,000,000 due in 2022. The senior notes are consolidated and form a single series with the US$200m Senior Notes due 2022 issued on 3 January 2017. The senior notes are interest-bearing at 5.75% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 3 January 2022.

(b) On 25 February 2019, the Company issued senior notes with a principal amount of US$300,000,000 due in 2022. The senior notes are interest-bearing at 7.50% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 25 August 2022.

(c) On 19 March 2019, Shenzhen Logan issued public domestic corporate bonds on Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,510,000,000 was 5.50% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of the Company (the "**Board**"), I hereby present the annual results of the Group for the financial year ended 31 December 2018.

MARKET REVIEW

In 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 have emerged in the global economic environment. Despite challenging international environment, 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 6.6% in 2018.

China's property market maintained stable growth in 2018. According to the National Bureau of Statistics of China, China's total real estate development and investment increased by 9.5% YoY to RMB12,026.4 billion. The saleable GFA of commercial buildings sold was 1,716.54 million square meters, up by 1.3% YoY, while the total saleable amounts of commercial buildings were RMB14,997.3 billion, up 12.2% YoY. Large-scale developers further accelerated their market share concentration.

According to China central government's announcement, the Guangdong-Hong Kong-Macao Greater Bay Area (hereinafter referred to as the "Greater Bay Area") will be an international innovation center, a world-class bay area and a world-class city cluster. With a population of more than 70 million and a land area of 56 thousand square kilometers, 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 17 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, it is well positioned to benefit from the dynamic economic growth of the Greater Bay Area.

Greater Bay Area has three unique competitive advantages. 1. System advantage: Hong Kong has a mature legal and intellectual property protection systems which as widely accepted by the international business communities. 2. Industry advantage: Greater Bay Area combines the characteristics of three major international bay areas. It has a world-class complete industry chain concentrated on a limited land area (Finance+Innovative Technology+High-end manufacturing). 3. Market advantage: Given its population over 70 million, Greater Bay Area itself has been a huge consumption market.

Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area is a substantial long-term positive catalyst. This region's economy will have a sustained and rapid development for more than 30 years. It is the core area for China's industry upgrade, and is the new engine of the Chinese economy. It will also become the most competitive international city clusters in the world. It will become a large consumer market with the highest population density and strong consumption power in the World. Assets in this region will have huge potential for appreciation.

OVERALL PERFORMANCE

As at 31 December 2018, the Group achieved contracted sales of approximately RMB71,803 million, representing an increase of approximately 65.4% as compared with last year, and achieved its annual sales target. The GFA of contracted sales amounted to 4.4 million square meters. In 2018, the Group's revenue amounted to RMB44,136.9 million, representing an increase of approximately 59.4% as compared with last year. Gross profit amounted to RMB14,886.9 million, with a gross profit margin of 33.7%. Profit attributable to equity shareholders amounted to RMB8,288.4 million. Core profit amounted to approximately RMB7,654.7 million, representing an increase of approximately 65.7% YOY. Core profit margin was 17.3%, 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 23rd in 2019 (26th in 2018). 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 2019". Moreover, the Group was awarded with "Top 20 Financially Strong and Credible Property Enterprises in Guangdong" for 16 consecutive years. Furthermore, the Group continued to be ranked in "Asia's Fab 50 Companies List" and "the 2018 Global 2000: Growth Champions" by Forbs. The Group also jumped to 266th in Fortune China 500, up 29 spots as compared with its 2017 ranking.

The Group is also highly recognized by the capital market and has been highly recommended by a number of renowned global investment banks such as Citibank, Deutsche Bank AG, UBS, Morgan Stanley, HSBC and BOC 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 by international authoritative agencies including Standard & Poor's, Moody's and Fitch respectively. To be more specific, Standard & Poors adjusted the rating of Logan Property to "positive", while Moody's and Fitch maintain the ratings of "stable outlook". The Group is rated "BB+" with stable outlook by Lianhe Global for the first time. The wholly owned subsidiary, Shenzhen Logan Holdings Co., Ltd, is 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 insisted its regional penetration strategy and it has fully penetrated into "9+2" city markets in the Greater Bay Area. Based on its anti-cycle land acquisition strategy through multiple methods, the Group has abundant premium and low-cost land bank in first tier and second tier cities in this region. The Group focuses on mass-residential market in this region and established distinct competitive strengths. 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 and may continue to grow in the next few years.

During the year under review, 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, the Group ranked first in the Shenzhen market. Besides, "Logan • Carat Complex" (龍光•玖鑽) won the national runner-up in sales amount in China in 2018. In addition, the Group continues its dominance and ranks as No.1 developer in the Shantou market. In Nanning, the Group ranked first in attributable sales amount/sales area. Besides, Stirling Residences (尚景苑), its first Singapore residential project, won three prizes in The 8th annual PropertyGuru Asia Property Awards (Singapore).

During 2018, the Group successfully secured new land bank of 7.47 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 under review, 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 abovementioned two projects, it took less than 1.5 years from land acquisition to sales. In next few years, the Group will focus more on 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. During the year, the Group successfully issued senior notes due 2021 with an aggregate principal amount of US$1,400 million. It also issued senior notes due 2021 with a principal amount of SG$200 million, bearing a coupon rate of 6.125%. As at 31 December 2018, the Group had cash and bank balances (including restricted and pledged deposits) of approximately RMB35,717.2 million, with a net debt-to-equity ratio of approximately 63.2% (As at 31 December 2017: 67.9%). The average borrowing interest rate was 6.1%. In the future, the Group will continue to explore and diversify its 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. 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 three other 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 the 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 31 December 2018, the total value of the Group's land bank amounted to approximately RMB652 billion, of which approximately 82% was located in the Greater Bay Area. This ensures the consistent 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 opportunities 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 express my heartfelt gratitude to all our 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

19 March 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Performance Highlights

	2018 *RMB'000*	2017 *RMB'000*	Changes per year *%*
Revenue	**44,136,908**	27,689,658	59.4%
Among which: Sales of properties			
— Income from properties delivered	**38,804,378**	26,642,077	45.7%
— GFA of properties delivered *(sq.m.)*[1]	**1,862,470**	2,293,611	−18.8%
— ASP[1] of properties delivered *(RMB/sq.m.)*	**21,901**	11,093	97.4%
Property leasing	**83,146**	83,383	−0.3%
Construction and decoration income	**4,182,130**	964,198	333.7%
Primary land development	**1,067,254**	—	—
Gross profit	**14,886,893**	9,517,183	56.4%
Profit for the year			
— Attributable to equity shareholders	**8,288,398**	6,527,400	27.0%
— Attributable to non-controlling shareholders	**707,508**	481,050	47.1%
Core profit(1)			
— Attributable to equity shareholders	**7,022,962**	4,628,372	51.7%
— Attributable to non-controlling shareholders	**631,731**	(8,384)	—
Total assets	**170,094,677**	111,870,848	52.0%
Cash and bank balances (including cash and cash equivalents and restricted and pledged deposits)	**35,717,151**	22,407,985	59.4%
Total bank and other borrowings[2]	**58,941,178**	40,841,413	44.3%
Total equity	**36,745,786**	27,163,809	35.3%
Total equity attributable to equity shareholders	**29,248,806**	23,306,221	25.5%
Key financial ratios			
Gross profit margin(1)	**33.7%**	34.4%	
Core profit margin(2)	**17.3%**	16.7%	
Net debt-to-equity ratio(3)	**63.2%**	67.9%	
Liability to asset ratio(4)	**78.4%**	75.7%	

Notes:
1. Excluding the car parking portion
2. Including bank and other loans, senior notes and corporate bonds.

(1) Gross profit margin: Gross profit ÷ Revenue × 100%

(2) Core profit margin: Core profit ÷ Revenue × 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%

Property Development

Contracted sales

In 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 year ended 31 December 2018, the Group attained contract sales of approximately RMB71,803 million, representing a significant increase of approximately 65.4% as compared with 2017. For the contract sales in 2018, Shenzhen region, other regions of Greater Bay Area, Nanning region, Shantou region, Singapore and other regions accounted for approximately 34.4%, 26.0%, 24.5%, 7.2%, 4.7% and 3.2%, 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) and Nanning • Jiuyu Lake (南寧 • 玖譽湖). In 2019, 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.

	Contracted sales in 2018				
Region	**Amount** *(RMB Million)*	**Percentage**	**Total GFA[1]** *(sq.m.)*	**Percentage**	**ASP[1]** *(RMB/ sq.m.)*
Shenzhen region	24,696	34.4%	395,782	9.0%	62,342
Other regions of Greater Bay Area[2]	18,660	26.0%	1,428,305	32.5%	12,815
Nanning region	17,626	24.5%	1,921,326	43.6%	8,878
Shantou region	5,178	7.2%	432,823	9.8%	11,177
Singapore	3,351	4.7%	35,758	0.8%	93,699
Other regions	2,292	3.2%	187,412	4.3%	11,932
	71,803	100.0%	4,401,406	100.0%	16,008

1. Excluding car parking portion

2. Excluding Shenzhen Region

Revenue from sales of properties

During the year ended 31 December 2018, revenue from sales of properties amounted to approximately RMB38,804.4 million, representing an increase of approximately 45.7% as compared with RMB26,642.1 million in 2017, and accounted for approximately 87.9% of the Group's total revenue. GFA delivered (excluding car parking spaces) decreased by approximately 18.8% to 1,862,470 sq.m. during the year 2018 from 2,293,611 sq.m. for the year 2017.

Shenzhen Region, other regions of the Greater Bay Area, Shantou Region, Nanning Region and other regions contributed to the Group's revenue from sales of properties of 2018, accounting for approximately 56.0%, 24.3%, 6.3%, 13.0% and 0.4%, respectively.

	Revenue from sale of properties in 2018				
	Amount *(RMB million)*	**Percentage**	**GFA**[1] *(sq.m.)*	**Percentage**	**ASP**[1] *(RMB per sq.m.)*
Shenzhen region	**21,857**	**56.0%**	**383,501**	**20.6%**	**59,562**
Other regions of the Greater Bay Area	**9,479**	**24.3%**	**637,815**	**34.2%**	**15,841**
Shantou region	**2,476**	**6.3%**	**153,513**	**8.2%**	**16,090**
Nanning region	**5,086**	**13.0%**	**678,414**	**36.4%**	**7,725**
Other regions	**165**	**0.4%**	**9,227**	**0.6%**	**14,437**
Total	**39,063**	**100.0%**	**1,862,470**	**100.0%**	**21,901**
Less: Business tax and sales related taxes	**(259)**				
Revenue from sales of properties	**38,804**				

1. Excluding the car parking portion

Newly commenced projects

As at 31 December 2018, the Group commenced construction of a total of 58 projects or new project phases with a total planned GFA of approximately 10.04 million sq.m.

Completed projects

As at 31 December 2018, the Group completed 16 projects or project phases with a total planned GFA of approximately 2.72 million sq.m.

Developing projects

As at 31 December 2018, the Group had a total of 66 projects or project phases under construction with a total planned GFA of approximately 15.26 million sq.m.

Land Reserves

For the year ended 31 December 2018, the Group acquired 32 new projects through public tendering, auction and listing with a total GFA of 7,473,900 sq.m.

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

Region	**Site Area** *(sq.m.)*	**Total GFA** *(sq.m.)*	**Total Land Cost** *(RMB million)*	**Equity Land Cost** *(RMB million)*	**Average Land Cost** *(RMB/ sq.m.)*
Shenzhen	15,324	79,100	1,170	1,170	14,791
Huizhou	27,990	115,830	151	50	1,302
Foshan	384,177	1,961,934	11,746	11,276	5,987
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	63,918	246,318	1,794	763	7,284
Heyuan	38,113	98,680	162	81	1,645
Qingyuan	33,288	106,770	487	244	4,561
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	985,437	4,983,786	21,079	16,823	4,230
Shantou Region	45,301	266,059	1,105	553	4,153
Nanning Region	380,987	1,885,004	4,366	2,607	2,316
Yangtze River Delta Region	72,763	168,315	1,083	859	6,436
Other Regions	81,471	170,736	680	340	3,983
Total	1,565,959	7,473,900	28,313	21,182	3,788

As at 31 December 2018, the total GFA of the land reserves of the Group amounted to approximately 36,261,286 sq.m., the average cost of land reserves was RMB3,985 per sq.m., in which Guangdong-Hong Kong-Macao Greater Bay Area accounted for over 71%, if calculated by land value.

Land reserves as at 31 December 2018

	GFA *(sq.m.)*	Percentage
Shenzhen	1,908,684	5.3%
Huizhou/Dongguan	6,307,451	17.4%
Guangzhou/Foshan/Zhaoqing	6,921,805	19.1%
Zhuhai/Zhongshan	4,118,295	11.4%
Hong Kong	70,606	0.2%
Heyuan/Yangjiang/Qingyuan	3,247,007	8.9%
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	22,573,848	62.3%
Shantou Region	4,125,399	11.4%
Nanning Region	7,855,309	21.7%
Yangtze River Delta Region	168,315	0.5%
Singapore	189,909	0.5%
Other Regions	1,348,506	3.6%
Total	36,261,286	100.0%
Land cost (RMB per sq.m.)	3,985	

Property Investments

Rental income

For the year ended 31 December 2018, the rental income of the Group amounted to RMB83.1 million, representing an decrease of approximately 0.3%.

Investment properties

As at 31 December 2018, the Group had 31 investment properties with a total GFA of approximately 494,397 sq.m. As for this investment property portfolio, 27 investment properties with a total GFA of approximately 272,962 sq.m. were completed, while the remaining four projects are still under development.

Financial Review

(I) Revenue[1]

Revenue of the Group for the year ended 31 December 2018 increased to RMB44,136.9 million by approximately RMB16,447.3 million, or approximately 59.4%, as compared with 2017, primarily due to an increase of RMB12,162.3 million in revenue from sales of properties. Revenue from sales of properties, income from the property leasing business, income from the construction and decoration business and income from primary land development for the year ended 31 December 2018 amounted to approximately RMB38,804.4 million, RMB83.1 million, RMB4,182.1 million and RMB1,067.3 million (2017: approximately RMB26,642.1 million, RMB83.4 million, RMB964.2 million and nil, respectively), respectively.

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

	2018		2017	
Project name	**Area**[1] ***(sq.m.)***	**Amount**[2] ***(RMB'000)***	Area[1] *(sq.m.)*	Amount[2] *(RMB'000)*
Shenzhen Carat Complex (深圳玖鑽)	**331,790**	**18,481,679**	—	—
Shenzhen Acesite Mansion (深圳玖龍璽)	**41,597**	**2,996,875**	12,546	1,057,523
Foshan Riverside Bay Castle (佛山龍灣華府)	**250,998**	**2,983,483**	—	—
Zhuhai Acesite Park (珠海玖龍府)	**145,622**	**2,569,306**	—	—
Nanning Sunshine Royal Lake (南寧御湖陽光)	**265,610**	**2,409,830**	130,514	1,065,587
Foshan Riverine View Castle (佛山望江府)	**193,941**	**2,326,116**	—	—
Shantou Royal & Seaward Heaven Garden (汕頭御海天禧花園)	**134,474**	**2,106,265**	131,478	2,065,052
Zhuhai Acesite Bay (珠海玖龍灣)	**31,053**	**1,081,234**	—	—
Nanning Acesite Park (南寧玖龍府)	**148,130**	**1,050,545**	—	—

Project name	2018 Area[1] (sq.m.)	2018 Amount[2] (RMB'000)	2017 Area[1] (sq.m.)	2017 Amount[2] (RMB'000)
Guilin Provence (桂林普羅旺斯)	**135,140**	**829,884**	66,819	366,139
Fangchenggang Sunshine Seaward (防城港陽光海岸)	**129,532**	**702,268**	189,713	848,787
Shenzhen Masterpiece (深圳玖雲著)	**10,115**	**378,355**	94,194	2,672,341
Shantou Sea & Sunshine (汕頭碧海陽光)	**15,147**	**248,841**	56,167	590,196
Huizhou Logan City (惠州龍光城)	**10,404**	**183,063**	481,660	6,778,817
Chengdu Joy Residence (成都君悦華庭)	**4,873**	**81,840**	126,594	868,493
Haikou Sea and City (海南海雲天)	**4,353**	**75,707**	86,170	841,279
Foshan Grand Riverside Bay (佛山水悦龍灣)	**1,394**	**72,129**	59,017	508,466
Huizhou Grand Riverside Bay (惠州水悦龍灣)	**—**	**65,076**	1,590	49,191
Shantou Logan Flying Dragon Landscape (汕頭龍騰嘉園)	**1,936**	**57,542**	76,145	619,284
Foshan Grand Garden (佛山水悦熙園)	**—**	**53,326**	140,994	1,151,559
Nanning Provence (南寧普羅旺斯)	**—**	**53,314**	56,439	483,809
Foshan Joy Palace (佛山君悦龍庭)	**2,328**	**40,796**	12,377	104,043
Shantou Seaward Sunshine (汕頭尚海陽光)	**1,828**	**38,419**	36,993	548,553
Foshan Sky Lake Castle (佛山天湖華府)	**1,106**	**31,271**	67,254	1,031,439
Shantou Royal & Seaward Jubilee Garden (汕頭御海禧園)	**—**	**23,566**	223,359	1,958,204
Zhongshan Grand Joy Garden (中山水悦馨園)	**—**	**21,786**	148	33,821
Dongguan Imperial Summit Sky Villa (東莞君御旗峰)	**—**	**18,127**	—	14,399
Foshan Grand Joy Castle (佛山君悦華府)	**725**	**17,289**	1,442	19,848
Nanning Grand Riverside Bay (南寧水悦龍灣)	**—**	**16,261**	614	21,536
Nanning Royal Castle (南寧君御華府)	**—**	**14,906**	2,531	53,687
Nanning Joy Residence (南寧君悦華庭)	**—**	**8,706**	—	8,122
Chengdu Sky Palace (成都天悦龍庭)	**—**	**7,815**	72	18,994
Guangzhou Landscape Residence (廣州峰景華庭)	**—**	**6,392**	—	13,162
Guangzhou Palm Waterfront (廣州棕櫚水岸)	**—**	**5,292**	1,637	39,502
Zhongshan Ocean Vista Residence (中山海悦華庭)	**245**	**2,429**	239	8,939
Zhongshan Grand Garden (中山水悦熙園)	**—**	**1,579**	—	8,471
Shantou Flying Dragon Garden (汕頭龍騰熙園)	**129**	**1,106**	—	400

Project name	2018		2017	
	Area[1] **(sq.m.)**	**Amount[2]** **(RMB'000)**	Area[1] (sq.m.)	Amount[2] (RMB'000)
Zhuhai Easy Life (珠海海悦雲天)	—	**355**	—	2,993
Foshan Shin Street Building (佛山尚街大厦)	—	**123**	2,749	37,715
Huizhou Sky Palace (惠州天悦龍庭)	—	—	948	11,971
Shantou Royal Sea Sunshine (汕頭御海陽光)	—	—	233,127	3,037,060
Zhongshan Grasse VieilleVille (中山海悦城邦)	—	—	81	828
Dongguan Royal Castle (東莞君御華府)	—	—	—	10,969
Total	**1,862,470**	**39,062,896**	2,293,611	26,951,179
Less: Business tax and sales related taxes		**(258,518)**		(309,102)
Revenue from sales of properties		**38,804,378**		26,642,077

1. Excluding the car parking portion.
2. Representing the amount of income before deduction of business tax and other sales related taxes.

(II) Cost of sales

The cost of sales of the Group for the year ended 31 December 2018 increased to RMB29,250.0 million by approximately RMB11,077.5 million, or approximately 61.0%, as compared with 2017, primarily due to the increase in cost of sales from sales of properties resulting from the expansion of business scale. Key components of costs are as follows:

	2018 *RMB'000*	2017 *RMB'000*	Changes per year *%*
Costs	**29,250,015**	18,172,475	61.0%
— Costs of sales of properties	**24,996,099**	17,329,719	44.2%
— Costs of construction and decoration business and property leasing business and primary land development business	**4,253,916**	842,756	404.8%

(III) Selling and marketing expenses and administrative expenses

The selling and marketing expenses of the Group for the year ended 31 December 2018 amounted to approximately RMB1,231.4 million (2017: RMB928.7 million). As the Group further increased its property marketing efforts in response to the challenging market environment in 2018, the selling and marketing expenses had increased by approximately 32.6% as compared with 2017.

The administrative expenses of the Group for the year ended 31 December 2018 amounted to approximately RMB1,133.9 million (2017: RMB748.0 million), representing an increase of approximately 51.6% as compared with 2017, which was mainly attributable to an increase in the labor costs.

(IV) Profit from operations

The profit from operations of the Group for 2018 amounted to approximately RMB15,436.0 million (2017: RMB11,561.1 million), representing an increase of approximately 33.5% over the corresponding period. As the revenue and other revenue and gains of the Group increased by approximately RMB17,119.7 million as compared with 2017, the relevant cost of sales, selling and marketing expenses and administrative expenses increased by approximately RMB11,766.0 million as compared with 2017, whereas other expenses, net gain in the fair value of investment properties and changes in the fair value of derivative financial instruments, and share of net losses of associates and joint ventures decreased by approximately RMB1,478.8 million as compared with 2017. As a result, the profit from operations of the Group increased by approximately RMB3,874.9 million as compared with 2017.

(V) Net finance costs

The net finance costs of the Group for 2018 increased to approximately RMB1,416.9 million (2017: RMB672.2 million), primarily due to the increase in loans and senior notes and corporate bonds.

(VI) Tax

Taxes of the Group for the year ended 31 December 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 RMB3,291.3 million and RMB1,731.9 million, respectively (2017: approximately RMB2,426.1 million and RMB1,454.4 million).

(VII) Core Profit

The Core Profit of the Group for the year ended 31 December 2018 amounted to approximately RMB7,654.7 million, representing an increase of approximately RMB3,034.7 million as compared with 2017. The Core Profit margin of the Group for the year ended 31 December 2018 was approximately 17.3% (2017: approximately 16.7%), representing an increase of approximately 0.6 percentage points as compared with 2017.

(VIII) Liquidity and financial resources

As at 31 December 2018, total assets of the Group amounted to approximately RMB170,094.7 million (31 December 2017: RMB111,870.8 million), of which current assets amounted to approximately RMB130,640.5 million (31 December 2017: RMB83,594.5 million). Total liabilities amounted to approximately RMB133,348.9 million (31 December 2017: RMB84,707.0 million), of which non-current liabilities amounted to approximately RMB44,810.4 million (31 December 2017: RMB27,413.3 million). Total equity amounted to approximately RMB36,745.8 million (31 December 2017: RMB27,163.8 million).

As at 31 December 2018, the Group had cash and bank balances (including restricted and pledged deposits) of approximately RMB35,717.2 million (31 December 2017: RMB22,408.0 million) and total borrowings of approximately RMB58,941.2 million (31 December 2017: RMB40,841.4 million). As at 31 December 2018, total net borrowings of the Group amounted to approximately RMB23,224.0 million (31 December 2017: RMB18,433.4 million), the net debt-to-equity ratio of the Group was 63.2% (31 December 2017: 67.9%).

(IX) Financing activities

In 2018, the Group successfully issued six tranches of senior notes of US$1,400,000,000 and one tranches of senior notes of SGD 200,000,000. 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 SGD$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. The fourth tranche of senior notes amounted to US$300,000,000, with a coupon rate of 7.5% and a maturity date on 27 August 2021. The fifth tranche of senior notes amounted of US$80,000,000, with a coupon rate of 6.95% and a maturity date on 5 June 2020. The sixth tranches of senior notes amounted to US$370,000,000, with a coupon rate of 8.75% and a maturity date on 12 December 2020.

(X) Foreign Exchange Exposure

The Group's business transactions are principally conducted in Renminbi. Other than the bank deposits denominated in foreign currencies, bank borrowings and the senior notes denominated in US dollar and HK dollar, the Group does not have any material exposure directly due to foreign exchange fluctuations. The Group has not entered into any material forward exchange contract to hedge its exposure to foreign exchange risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

(XI) Employees and Remuneration Policy

As at 31 December 2018, the Group had approximately 3,219 employees (2017: 2,618). Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. The remuneration policy of the Group is to provide remuneration packages, including basic salary, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when occasion requires.

The Company has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details in relation to the Share Option Scheme will be set out in the Company's annual report for the year ended 31 December 2018, which will be published on or before end of April 2019.

ANNUAL GENERAL MEETING

The AGM will be held at PLAZA Room, Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 20 June 2019 at 11:00 a.m.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommends the payment of a final dividend of HK40 cents per share and a special dividend of HK7 cents per share for the year ended 31 December 2018 (the "Dividend") (2017: a final dividend of HK17 cents per share and a special dividend of HK2 cents per share), subject to the approval by shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 20 June 2019 (the "AGM"). The Dividend, if approved by the Company's shareholders at the AGM, will be paid in cash on Friday, 19 July 2019 to the shareholders whose names appear on the register of members of the Company on Friday, 28 June 2019.

CLOSURE OF REGISTER OF MEMBERS

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

(a) To ascertain the shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 14 June 2019 to Thursday, 20 June 2019, both days inclusive. In order to qualify for attending and voting at the AGM, 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, 13 June 2019.

(b) To ascertain the shareholders' entitlement to the Dividend, the register of members of the Company will be closed from Wednesday, 26 June 2019 to Friday, 28 June 2019, both days inclusive. In order to qualify for the 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 Tuesday, 25 June 2019.

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

During the year ended 31 December 2018, the Company repurchased from the market a total of 15,086,000 shares of the Company. All the shares repurchased have been cancelled.

Details of the repurchases of the shares of the Company are as follows:

Month of repurchase	**Number of shares repurchased**	**Highest price per share** *(HK$)*	**Lowest price per share** *(HK$)*	**Aggregate consideration price** *(HK$)*
June	662,000	10.36	9.58	6,565,720
July	3,102,000	10.48	9.73	31,320,300
September	3,410,000	8.95	8.46	29,818,420
October	7,912,000	8.65	6.89	62,772,820

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. On 27 August 2018, the Company issued US$300 million of 7.5% senior notes due in 2021. On 12 December 2018, the Company issued US$370 million of 8.75% senior notes due in 2020. All of the new notes issued as aforesaid had been admitted to the official list of the Singapore Exchange Securities Trading Limited.

On 21 December 2018, the Company announced the issuance of additional US$50,000,000 senior notes which were to be consolidated and formed a single series with the original US$200 million of 5.75% senior notes due in 2022. The additional notes were issued on 9 January 2019 and listed on The Stock Exchange of Hong Kong Limited (Stock Code: 5341).

On 19 August 2018, 5% corporate bonds due 19 August 2020 were partially sold back to Shenzhen Logan Holdings Co., Ltd, representing an aggregate principal amount of RMB10,000,000. The coupon rate was adjusted from 5% to 7.3% per annum. The notes are listed and traded on the Shanghai Stock Exchange.

On 20 November 2018, Shenzhen Logan Holdings Co., Ltd issued the first tranche of domestic bonds to qualified investors, the principal amount of which was RMB2,490 million with a coupon rate of 5.98% per annum due 2022. The notes are listed and traded on the Shenzhen Stock Exchange.

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 year ended 31 December 2018.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the year ended 31 December 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 enquiries, the Company confirms that all the Directors have complied with the required standards set out in the Model Code during the year ended 31 December 2018.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Audit Committee comprises three independent non-executive directors, namely Ms. Liu Ka Ying, Rebecca, Mr. Zhang Huaqiao and Mr. Cai Suisheng. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters, including the review of the 2018 annual results announcement and the consolidated financial statements for the year ended 31 December 2018.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditors, Ernst & Young ("**EY**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The 2018 annual report of the Company containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (http://www.loganproperty.com) in due course.

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

Hong Kong, 19 March 2019

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.