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## **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: 03380)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION**

### **ACQUISITION OF THE ENTIRE EQUITY INTEREST IN KING KERRY INVESTMENTS COMPANY LIMITED**

On 19 May 2014, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor and the Vendor's Guarantor pursuant to which the Purchaser has agreed to acquire the Sale Share, representing the entire issued share capital of King Kerry, from the Vendor at a consideration of RMB384 million (equivalent to approximately HK\$480 million). Upon completion of the Acquisition, King Kerry will become a wholly-owned subsidiary of the Company and its accounts will be consolidated with the accounts of the Company.

As two of the applicable percentage ratios in respect of the Acquisition are over 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As at the date of this announcement, King Kerry is wholly owned by the Vendor, which is in turn indirectly wholly owned by Mr. Yao. As Mr. Yao is a brother-in-law of Mr. Ji, an executive Director, an uncle of Ms. Kei, a non-executive Director, and a brother-in-law of Mr. Ji Jiande, an executive Director, each of Mr. Yao and the Vendor is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve, among other matters, the Acquisition as contemplated under the Agreement. As Mr. Yao is connected with Mr. Ji, Ms. Kei and Mr. Ji Jiande, and Mr. Yao is also the ultimate beneficial owner of the Vendor and a shareholder of the Company, each of Mr. Yao, Mr. Ji, Ms. Kei, Mr. Ji Jiande and their respective associates is required to abstain from voting on the resolution approving the Agreement and the transactions contemplated thereunder at the EGM.

An Independent Board Committee comprising the independent non-executive Directors has been established to advise the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder and an independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) further details about the Agreement and the transactions contemplated thereunder; (ii) a letter from the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder and (iii) a notice convening the EGM, will be despatched to the Shareholders on or before 11 June 2014.

## THE ACQUISITION

### The Agreement

Date: 19 May 2014

Parties to the Agreement:

- (1) Purchaser: Jolly Gain Investments Limited (樂盈投資有限公司), a direct wholly-owned subsidiary of the Company.
- (2) Vendor: Honk Jee Loong Holdings Company Limited (鴻駿隆控股有限公司), a company wholly-owned by Mr. Yao, a brother-in-law of each of Mr. Ji and Mr. Ji Jiande, and an uncle of Ms. Kei and thus a connected person of the Company.
- (3) Vendor's Guarantor: Mr. Yao.

### Subject Matter

Pursuant to the Agreement, the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Share, which represent the entire issued share capital of King Kerry, at the Consideration.

The combined net asset value of King Kerry and its subsidiaries as at 31 December 2013 was approximately RMB130 million. The financial results of King Kerry for the two years immediately preceding the date of the Acquisition are as follows:

	For the year ended 31 December	
	2012 (unaudited) RMB'000	2013 (unaudited) RMB'000
Net (loss)/profit before tax	91,321	129,837
Net (loss)/profit after tax	60,259	78,561

After completion of the Acquisition, King Kerry and its subsidiaries will become subsidiaries of the Company and its accounts will be consolidated with the accounts of the Company.

### **Consideration**

The Consideration is the sum of RMB384 million (equivalent to approximately HK\$480 million).

The Consideration was determined after arm's-length negotiations between the parties. Given that the Consideration was determined after arm's-length negotiations, the Directors (excluding Mr. Ji, Mr. Ji Jiande and Ms. Kei who have abstained from voting at the meeting of Board approving the Acquisition, and the independent non-executive Directors who will provide their views upon receiving the recommendations from the independent financial adviser) consider that the Agreement was entered into under normal commercial terms and the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The consideration will be payable by the Group through its internal resources in accordance with the following schedule:

- (a) a sum of RMB4 million will be payable by the Purchaser to the Vendor on Completion; and
- (b) the balance of the Consideration, equivalent to RMB380 million, will be payable by instalments by the Purchaser within the first anniversary from Completion.

### **Conditions**

Completion of the sale and purchase of the Sale Share is conditional upon:

- (a) the Purchaser being satisfied with the due diligence results of the business, financial and legal affairs of the Target Group;
- (b) the representations and warranties set out in the Agreement being true, accurate and not misleading in all respects;
- (c) the Purchaser not having identified or being aware of any unusual operation, major safety incidents, material adverse change in respect of the business, assets and operation of any member of the Target Group or material risk not having been disclosed;
- (d) the Vendor's Guarantor having fulfilled his obligations under the Agreement on or before Completion;
- (e) there not being any necessary third-party consent, governmental order, law, regulation or decree which prohibit, limit or delay the transactions contemplated under the Agreement; and
- (f) the Company having obtained the approval of the Independent Shareholders in respect of the transactions contemplated under the Agreement.

If the conditions specified in the Agreement are not fulfilled or waived (save for condition (f) above) before 30 June 2014 or such later date as the parties may otherwise agree, the Agreement will forthwith become null and void and cease to have any effect whatsoever save for any antecedent breach.

## **Completion**

Completion shall take place no later than the third business day (or at such other time as the parties may otherwise agree) after the conditions to the Agreement have been fulfilled or waived, provided that condition (f) above cannot be waived.

## **INFORMATION ON KING KERRY AND THE PROPERTY PROJECT**

King Kerry is a company incorporated in BVI and is wholly owned by the vendor. Guangxi King Kerry, the property project company, is indirectly held as to 95% by the King Kerry.

The Property Project is located along the 2-kilometer coastline at the middle of Beibu Gulf Avenue, Gangkou District (港口區北部灣大道中段), Fangchenggang (防城港), Guangxi Province of the PRC, with a site area of approximately 784,000 square meters and a total construction area of approximately 2,404,000 square meters. It has a plot ratio of 2.67 and a greening rate of 37.7%. The properties consist of multi-storey townhouses, high-rise residential flats, apartments and commercial buildings. The Property Project is intended to be developed into five phases. Construction of the first phase has been completed and the second, third and fourth phases are under development.

## **REASONS FOR THE ACQUISITION**

The Group is principally engaged in property development, property investment and property construction in the PRC.

The Company considers that it is in the interest of the Company to purchase the entire interest in King Kerry and expand its geographic coverage into Guangxi Province of the PRC. The Group has been providing management and construction services for Guangxi King Kerry and is familiar with the project and its operational risks are controllable. The Group would also reduce its related-party transactions and consolidate its control over the Property Project.

Given that the Consideration was determined after arm's-length negotiations, the Directors (excluding Mr. Ji, Mr. Ji Jiande and Ms. Kei who have abstained from voting at the meeting of Board approving the Acquisition, and the independent non-executive Directors who will provide their views upon receiving the recommendations from the independent financial adviser) consider that the Agreement was entered into under normal commercial terms and the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Ji, Mr. Ji Jiande and Ms. Kei, no Director has a material interest in the Agreement and is required to abstain from voting at the meeting of the Board approving the Acquisition and the transactions contemplated thereunder. Mr. Ji, Mr. Ji Jiande and Ms. Kei have abstained from voting in the meeting of the Board approving the Acquisition.

## GENERAL

As two of the applicable percentage ratios in respect of the Acquisition are over 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As at the date of this announcement, King Kerry is wholly owned by the Vendor, which is in turn indirectly wholly owned by Mr. Yao. As Mr. Yao is a brother-in-law of Mr. Ji, an executive Director, and an uncle of Ms. Kei, a non-executive Director, and a brother-in-law of Mr. Ji Jiande, an executive Director, each of Mr. Yao and the Vendor is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve, among other matters, the Acquisition as contemplated under the Agreement. As Mr. Yao is connected with Mr. Ji, Ms. Kei and Mr. Ji Jiande, and Mr. Yao is also the ultimate beneficial owner of the Vendor and a shareholder of the Company, each of Mr. Yao, Mr. Ji, Ms. Kei, Mr. Ji Jiande and their respective associates is required to abstain from voting on the resolution approving the Agreement and the transactions contemplated thereunder at the EGM.

An Independent Board Committee comprising the independent non-executive Directors has been established to advise the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder and an independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder. A circular containing, amongst other things, (i) further details about the Agreement; (ii) a letter from the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition and (iii) a notice convening the EGM, will be despatched to the Shareholders on or before 11 June 2014.

## DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Share by the Purchaser from the Vendor pursuant to the terms of the Agreement;
“Agreement”	the sale and purchase agreement dated 19 May 2014 between the Purchaser, the Vendor and the Vendor's Guarantor in relation to the purchase of the Sale Share from the Vendor;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;

“BVI”	the British Virgin Islands;
“Company”	Logan Property Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the transactions contemplated under the Agreement;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration for the acquisition of the Sale Share in the amount of RMB384 million;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other matters, the Acquisition as contemplated under the Agreement;
“Group”	the Company and its subsidiaries;
“Guangxi King Kerry”	Guangxi King Kerry Realty Co., Ltd. (廣西金凱利置業有限公司), a company established under the laws of the PRC, which is owned as to 95% by Hong Kong King Kerry and 5% by Mr. Xie Tuo (謝拓), an independent third party;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong King Kerry”	King Kerry (Hong Kong) Investments Company Limited (金凱利(香港)投資有限公司), a company incorporated in Hong Kong and wholly owned by King Kerry;
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors;
“Independent Shareholders”	Shareholders other than Mr. Yao, Mr. Ji, Ms. Kei and Mr. Ji Jiande and their respective associates;

“King Kerry”	King Kerry Investments Company Limited (金凱利投資有限公司), a company incorporated in the BVI and wholly owned by the Vendor as at the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Ji”	Mr. Ji Haipeng, an executive director and a controlling shareholder of the Company;
“Mr. Yao” or “Vendor’s Guarantor”	Mr. Yao Yaojia (姚耀加), a brother-in-law of Mr. Ji, an uncle of Ms. Kei and a brother-in-law of Mr. Ji Jiande, and a connected person of the Company;
“Ms. Kei”	Ms. Kei Perenna Hoi Ting, a non-executive Director and daughter of Mr. Ji;
“PRC”	the People’s Republic of China;
“Property Project”	a property project located at the middle of Beibu Gulf Avenue, Gangkou district (港口區北部灣大道中段), Fangchenggang (防城港), Guangxi Province of the PRC, with a total construction area of approximately 2,404,000 square meters;
“Purchaser”	Jolly Gain Investments Limited (樂盈投資有限公司), a company incorporated in the BVI and a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Share”	one share of US\$1.00 each in King Kerry, representing the entire issued share capital of King Kerry immediately before Completion;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Group”	King Kerry Investments Company Limited (金凱利投資有限公司), a company incorporated in the BVI and wholly owned by the Vendor as at the date of this announcement;

“US\$”	United States dollar, the lawful currency of the United States of America; and
“Vendor”	Honk Jee Loong Holdings Company Limited (鴻駿隆控股有限公司), a company incorporated in the Cayman Islands which is wholly owned by Mr. Yao as at the date of this announcement.

*Unless otherwise specified in this announcement, translations of RMB into HK\$ are made in this announcement, for illustration only, at the rate of RMB1.00 to HK\$1.25. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rate or at all.*

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

Hong Kong, 20 May 2014

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