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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: 3380)

PROPOSED ISSUE OF USD SENIOR NOTES

The Company proposes to conduct an international offering of guaranteed senior notes.

Completion of the Proposed Notes Issue is subject to market conditions and investors' interests. The Notes are proposed to be guaranteed by the Subsidiary Guarantors. Citigroup, Deutsche Bank, HSBC, Goldman Sachs (Asia) L.L.C., J.P. Morgan, CITIC Securities International, VTB Capital and ABC International are the joint global coordinators. Citigroup, Deutsche Bank, HSBC, Goldman Sachs (Asia) L.L.C., J.P. Morgan, CITIC Securities International, VTB Capital, ABC International and ICBC International are the joint bookrunners and joint lead managers of the Proposed Notes Issue. Upon finalising the terms of the Notes, it is expected that Citigroup, Deutsche Bank, HSBC, Goldman Sachs (Asia) L.L.C., J.P. Morgan, CITIC Securities International, VTB Capital, ABC International and ICBC International, the Subsidiary Guarantors and the Company, will enter into the Purchase Agreement. The Company intends to use the proceeds of the Notes for refinancing its existing indebtedness, the acquisition of suitable new land for development and general corporate purposes. The Company may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of proceeds.

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange.

The Notes have not been, and will not be, registered under the Securities Act. The Notes are being offered outside the United States in offshore transactions in reliance on Regulation S under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Notes will be offered to the public in Hong Kong.

As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not materialise. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company. A further announcement in respect of the Proposed Notes Issue will be made by the Company should the Purchase Agreement be signed.

THE PROPOSED NOTES ISSUE

Introduction

The Company proposes to conduct an international offering of guaranteed USD senior notes.

Completion of the Proposed Notes Issue is subject to market conditions and investors' interests. The Notes are proposed to be guaranteed by the Subsidiary Guarantors. Citigroup, Deutsche Bank, HSBC, Goldman Sachs (Asia) L.L.C., J.P. Morgan, CITIC Securities International, VTB Capital and ABC International are the joint global coordinators. Citigroup, Deutsche Bank, HSBC, Goldman Sachs (Asia) L.L.C., J.P. Morgan, CITIC Securities International, VTB Capital, ABC International and ICBC International are the joint bookrunners and joint lead managers of the Proposed Notes Issue. As at the date of this announcement, the amount, terms and conditions of the Proposed Notes Issue have yet to be determined. Upon finalising the terms of the Notes, Citigroup, Deutsche Bank, HSBC, Goldman Sachs (Asia) L.L.C., J.P. Morgan, CITIC Securities International, VTB Capital, ABC International and ICBC International, the Subsidiary Guarantors and the Company, will enter into the Purchase Agreement. The Company will make a further announcement in respect of the Proposed Notes Issue upon the signing of the Purchase Agreement.

The Notes have not been, and will not be, registered under the Securities Act. The Notes are being offered outside the United States in offshore transactions in reliance on Regulation S under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Notes will be offered to the public in Hong Kong.

Reasons for the Proposed Notes Issue

The Company is a property developer in the PRC focusing on the residential property market, and its products are primarily targeted at first-time homebuyers and upgraders. The Company believes demand from such customers is less susceptible to fluctuations in property prices and thus provides stability to its business profile. In March 2014, the Company was ranked as the 40th-largest property developer in the PRC by comprehensive strength¹. The Company has developed residential property projects in 11 cities, which are primarily in Guangdong and Guangxi Provinces, as well as in the Chengdu-Chongqing economic region and Hainan Province.

The Company intends to use the proceeds for refinancing its existing indebtedness, the acquisition of suitable new land for development and general corporate purposes. The Company may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of proceeds.

Listing

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange.

General

As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not materialise. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company. A further announcement in respect of the Proposed Notes Issue will be made by the Company should the Purchase Agreement be signed.

Further announcement

Certain terms and conditions of the Notes, including the aggregate principal amount, the offer price and the interest rates, are still being determined and subject to change. Once the terms and conditions of the Notes have been finalised, a further announcement in respect of the Proposed Notes Issue will be made by the Company.

UPDATED INFORMATION ABOUT THE GROUP

As of 31 December 2013, the Company had completed a total of 56 projects with a total GFA of over 8.2 million sq.m. It has a land bank comprising land it acquired at competitive prices, and it strives to build its land bank by establishing and expanding its presence in economic regions which it believes hold high growth potential. As of 31 December 2013, it had 71 projects at various stages of development in 11 cities and a land bank with an aggregate GFA

¹ The ranking is based on a joint evaluation by Enterprise Institute of the Development Research Center of the State Council of China, Institute of Real Estate Studies of Tsinghua University and China Index Academy of the largest property developers in the PRC by comprehensive strength in 2014.

of 11.0 million sq.m., primarily comprising residential property projects with ancillary retail shops, as well as an office property project where its headquarters is located. It believes its current land bank will be sufficient to meet its development needs for the next five to six years, based on its current projections and its historical sales and land development records.

It has established a replicable property development process, which is supported by its in-house departments and subsidiaries specializing in design and planning, construction, decoration, procurement, sales, customer services and each other major step in the property development process. It leverages its ability to build projects through Logan Construction Co., Ltd., its own construction subsidiary, and its centralized and strategic procurement, quick development operation model and cost control over the whole property development process to optimize its costs, shorten development cycles, improve cash flow and maintain profitability. Through the Company's strategic planning and disciplined property development process, it aims to achieve high asset turnover for its projects. It generally targets commencing pre-sales of properties within six to 10 months of acquiring a parcel of land for a substantial majority of its projects. In 2012 and 2013, the Group's asset turnover rate was approximately 34.1% and 44.6%, respectively, as calculated by (i) its turnover for the year divided by (ii) the average of the beginning and ending balances of total assets for such year.

It has experienced steady growth in recent years. In 2011, 2012 and 2013, its turnover was RMB3,447.5 million, RMB6,587.7 million and RMB11,119.4 million (USD1,836.8 million), respectively, and its net profit was RMB1,263.2 million, RMB1,817.0 million and RMB2,056.3 million (USD339.7 million), respectively. During the same years, the Group's net profit margin (excluding changes in fair value of investment properties and the relevant deferred taxes)² was 17.7%, 17.9% and 18.4%, respectively, while its net debt to EBITDA ratio³ was 4.6, 1.6 and 1.2, respectively.

It has developed a diversified product portfolio which includes high-rise residential apartment buildings and low-rise garden apartments, among others, catering to the residential property markets. It has developed two distinctive product styles, namely neoclassical and art deco, each of which comprises standardized designs for facades, interior designs and landscaping, as well as standardized parts and materials. It leverages its quick development operation model and its standardized control over each step of its property development process to ensure product and service quality, maintain and improve its future development and profitability.

² The calculation of net profit margin (excluding changes in fair value of investment properties and the relevant deferred taxes) is based on profit for the year (excluding changes in fair value of investment properties and the relevant deferred taxes) divided by turnover for such year and multiplied by 100%.

³ Net debt to EBITDA ratio is calculated by dividing net debt (equaling the Group's total bank and other loans less cash and cash equivalents and restricted and pledged deposits) by EBITDA. EBITDA for any period consists of profit from operations less changes in fair value of investment properties, and other borrowing costs included in finance costs plus capitalized interest included in direct costs and depreciation expenses included in administrative expenses.

DEFINITIONS

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

“ABC International”	ABCI Capital Limited (農銀國際融資有限公司), one of the joint global coordinators, joint bookrunners and joint lead managers in respect of the offer and sale of the Notes
“CITIC Securities International”	CITIC Securities Corporate Finance (HK) Limited (中信証券融資(香港)有限公司), one of the joint global coordinators, joint bookrunners and joint lead managers in respect of the offer and sale of the Notes
“Citigroup”	Citigroup Global Markets Limited, one of the joint global coordinators, joint bookrunners and joint lead managers in respect of the offer and sale of the Notes
“Company”	Logan Property Holdings Company Limited (龍光地產控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Deutsche Bank”	Deutsche Bank AG, Singapore Branch, one of the joint global coordinators, joint bookrunners and joint lead managers in respect of the offer and sale of the Notes
“GFA”	gross floor area
“Goldman Sachs (Asia) L.L.C.”	Goldman Sachs (Asia) L.L.C., one of the joint global coordinators, joint book runners and joint lead managers in respect of the offer and sale of the Notes
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, one of the joint global coordinators, joint bookrunners and joint lead managers in respect of the offer and sale of the Notes

“ICBC International”	ICBC International Capital Limited and ICBC International Securities Limited, acting respectively as one of the joint bookrunners and joint lead managers in respect of the offer and sale of the Notes
“J.P. Morgan”	J.P. Morgan Securities plc, one of the joint global coordinators, joint bookrunners and joint lead managers in respect of the offer and sale of the Notes
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the guaranteed USD senior notes to be issued by the Company
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Proposed Notes Issue”	the proposed issue of the Notes by the Company
“Purchase Agreement”	the agreement proposed to be entered into by and among the Company, Citigroup, Deutsche Bank, HSBC, Goldman Sachs (Asia) L.L.C., J.P. Morgan, CITIC Securities International, VTB Capital, ABC International, ICBC International and the Subsidiary Guarantors in relation to the Proposed Notes Issue
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Act”	the United States Securities Act of 1933, as amended
“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	the guarantees to be provided by the Subsidiary Guarantors in respect of the Notes
“Subsidiary Guarantors”	certain subsidiaries of the Company which guarantee the Notes
“United States”	the United States of America

“USD”	United States dollar, the lawful currency of the United States
“VTB Capital”	VTB Capital plc, one of the joint global coordinators, joint bookrunners and joint lead managers in respect of the offer and sale of the Notes
“%”	per cent.

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

Hong Kong, 27 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.