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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)

**FRAMEWORK AGREEMENT IN RELATION TO
(1) MAJOR AND CONNECTED TRANSACTION –
DEEMED DISPOSAL OF 10% EQUITY INTEREST
IN A WHOLLY-OWNED SUBSIDIARY;
AND
(2) CONNECTED TRANSACTION – FINANCIAL ASSISTANCE**

THE FRAMEWORK AGREEMENT

On 17 May 2016, the Project Company, Shenzhen Logan Dongzhen, Shenzhen Logan and the Company entered into the Framework Agreement with Pingan Dahua.

Under the Framework Agreement,

- (1) Pingan Dahua has conditionally agreed to make a capital contribution of RMB4,500 million to the Project Company and Shenzhen Logan Dongzhen has conditionally agreed to make an additional capital contribution of RMB0.04 million to the Project Company, for the development of the Logan City Project; and
- (2) Pingan Dahua has conditionally agreed to grant the Entrusted Loan of RMB500 million to the Project Company.

LISTING RULES IMPLICATIONS

(1) Capital Contribution/Deemed Disposal

(a) *Major transaction*

Prior to completion of the Capital Contribution, the Project Company is a wholly owned subsidiary of the Company. Upon completion of the Capital Contribution, the Project Company will be owned as to 90% by Shenzhen Logan Dongzhen and as to 10% by Pingan Dahua. The equity interest of Shenzhen Logan Dongzhen in the Project Company would decrease from 100% to 90%, and such reduction constitutes a deemed disposal under Rule 14.29 of the Listing Rules.

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the deemed disposal as a result of completion of the Capital Contribution exceeds 25% but is below 75%, the deemed disposal as a result of completion of the Capital Contribution constitutes a major transaction for the Company and is subject to the announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder has a material interest in the Capital Contribution and is required to abstain from voting for the resolution to approve the Capital Contribution, should the Capital Contribution be put forward to the Shareholders to approve at a general meeting of the Company. Junxi Investments Limited, the controlling shareholder of the Company, is interested in 3,400,000,000 Shares, representing approximately 61.26% of the issued share capital of the Company as at the date of this announcement and has approved the Capital Contribution by a written shareholder's approval pursuant to Rule 14.44 of the Listing Rules in lieu of a resolution to be passed at a general meeting of the Company.

A circular containing, amongst others, details of the Capital Contribution and other information as required by the Listing Rules will be despatched to the Shareholders. As additional time is required to gather and prepare the financial information to be included in the circular, the Company has applied to the Stock Exchange for an extension of time for despatch of the circular on or before 30 June 2016.

(b) *Transaction with a connected person at the subsidiary level*

Pingan Dahua owned a 49% interest in a subsidiary of the Company as at the date of this announcement, and is a substantial shareholder of a subsidiary of the Company and a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. As the Directors (including all the independent non-executive Directors) have confirmed that the principal terms of the Capital Contribution attributable to Pingan Dahua are normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole, the Capital Contribution attributable to Pingan Dahua is only subject to the reporting, announcement and annual review requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

(2) Financial Assistance with Security – Connected Transaction

Pingan Dahua owned a 49% interest in a subsidiary of the Company as at the date of this announcement, and is a substantial shareholder of a subsidiary of the Company and a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The Entrusted Loan Arrangement constitutes financial assistance by a connected person at the subsidiary level with security. As some of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Entrusted Loan Arrangement exceed 1% but are below 5%, the Entrusted Loan Arrangement is only subject to the reporting, announcement and annual review requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.87 of the Listing Rules.

THE FRAMEWORK AGREEMENT

On 17 May 2016, the Project Company, Shenzhen Logan Dongzhen, Shenzhen Logan and the Company entered into the Framework Agreement with Pingan Dahua.

(a) Parties

The following parties entered into the Framework Agreement:

- (1) the Project Company, a wholly-owned subsidiary of the Company
- (2) Shenzhen Logan Dongzhen, a wholly-owned subsidiary of the Company
- (3) Shenzhen Logan, a wholly-owned subsidiary of the Company
- (4) the Company
- (5) Pingan Dahua

(b) Capital Contribution

Pingan Dahua has conditionally agreed to make a capital contribution of RMB4,500 million to the Project Company and Shenzhen Logan Dongzhen has conditionally agreed to an additional capital contribution of RMB0.04 million to the Project Company (together the “**Capital Contribution**”). The Capital Contribution to be injected into the Project Company is intended for the purpose of development of the Logan City Project.

As at the date of this announcement, the registered capital of the Project Company is RMB50 million and the Project Company is wholly owned by Shenzhen Logan Dongzhen. Upon completion of the Capital Contribution, the Project Company will have an enlarged registered capital of RMB55.6 million, and its equity interest will be owned as to 90% by Shenzhen Logan Dongzhen and as to 10% by Pingan Dahua. The Project Company will become a non wholly-owned subsidiary of the Company. The financial results of the Project Company will continue to be consolidated to the financial results of the Company upon completion of the Capital Contribution.

The amount of capital contribution to be made by Pingan Dahua and the equity interest that it will hold in the Project Company was determined based on the arm's length negotiations between the parties with reference to (i) the expected capital funds required for the development of the Logan City Project; (ii) the expected development schedule of the residential properties on the Logan City Project; and (iii) the Company's objective to retain a majority interest in the Project Company.

(c) Conditions Precedent for the Capital Contribution

The Capital Contribution attributable to Pingan Dahua to the Project Company is conditional upon the satisfaction or waiver (as the case may be) of the following conditions:

- (i) the Framework Agreement becoming fully effective;
- (ii) the capital contribution agreement to be entered into by and among Shenzhen Logan Dongzhen, the Project Company and Pingan Dahua having been signed and becoming fully effective;
- (iii) Shenzhen Logan Dongzhen having made its capital contribution of RMB50 million to the Project Company with the relevant filings and registrations with the relevant PRC authorities having been completed;
- (iv) the Project Company not being involved in any litigation or other related matters;
- (v) there being no violation or breach of any of the documents incidental to the Framework Agreement, the respective covenants, terms and obligations under any of such documents entered into between the Company, Shenzhen Logan, Shenzhen Logan Dongzhen and the Project Company;
- (vi) up to the date when Pingan Dahua make its capital contribution to the Project Company, there being no material adverse change to the business, operation, assets and liabilities of the Project Company; and
- (vii) the relevant filings and registrations with the relevant PRC authorities in relation to the Capital Contribution having been completed.

(d) Entrusted Loan Arrangement

Pingan Dahua has conditionally agreed to grant the Entrusted Loan to the Project Company.

The principal terms of the Entrusted Loan Arrangement are as follows:

- Amount** : Up to RMB500 million
- Term** : A period of not more than 24 months commencing from the date of the drawdown of the Entrusted Loan
- Interest rate** : The loan will bear interest to be determined with reference to the interest rate then published by the People's Bank of China as at the drawdown of the Entrusted Loan. Interest is payable on the 20th day by the end of each quarter and within two business days upon maturity of the Entrusted Loan
- Repayment** : The Entrusted Loan will be repayable as follow:
- (i) no less than 20% of the outstanding principal amount of the Entrusted Loan shall be repayable at the 12th month from the drawdown date of the Entrusted Loan;
 - (ii) no less than 40% of the outstanding principal amount of the outstanding Entrusted Loan shall be repayable at the 18th month from the drawdown date of the Entrusted Loan; and
 - (iii) the remaining principal amount of the Entrusted Loan shall be repayable at the 24th month from the drawdown date of the Entrusted Loan.
- Purpose** : To finance the development of the Logan City Project
- Security** : The Entrusted Loan will be secured by:
- (a) a charge over the Project Land to be granted by the Project Company in favour of the Lending Bank; and/or
 - (b) a guarantee to be provided by the Company and Shenzhen Logan, as parent companies of the Project Company, in favour of the Lending Bank.

(e) Conditions Precedent for the Entrusted Loan Arrangement

The provision of the Entrusted Loan by Pingan Dahua to the Project Company is conditional upon the satisfaction or waiver (as the case may be) of the following conditions:

- (i) the Entrusted Loan Agreement having been signed and becoming fully effective;
- (ii) the Company and Shenzhen Logan having provided a guarantee as security for the provision of the Entrusted Loan and becoming fully effective;
- (iii) the Project Company having signed a charge agreement and create a charge over the Project Land as security for the provision of the Entrusted Loan and the relevant registrations with the relevant PRC authorities for such charge having been completed; and
- (iv) the capital of the Project Company as required to satisfy 30% of the funding requirement for the development of phases 1, 2, 7, 9, 11 and 12 of the Logan City Project having been satisfied.

INFORMATION IN RELATION TO THE PROJECT COMPANY AND LOGAN CITY PROJECT

As at the date of this announcement, the Project Company is an indirectly wholly-owned subsidiary of the Company. It is the project company which owns the land use right to the Project Land. The Project Company is a company established in the PRC and principally engaged in the property development and investment in the PRC. It is the project company for the development of the Logan City Project.

The financial information of the Project Company for the two financial years ended 31 December 2014 and 2015 is set out below:

	For the year ended 31 December	
	2014	2015
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Profit before tax	422,986	1,398,016
Profit after tax	322,302	1,048,541

As at 31 December 2015, the net assets value of the Project Company was RMB1,337 million.

The Project Land is located in Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC. The Project Land has a total site area of 1,707,115 square metres and an estimated GFA of 5,031,477 square metres. The book value of the Project Land is approximately RMB2,900 million. The Project Land is currently owned by the Project Company. The usage of the Land has been approved for residential purpose. The term of the grant is 70 years. It is expected that the Project Land will be developed into residential area. The Project Land was acquired in March 2007 at the consideration of approximately RMB1,090 million.

REASONS AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

The total amount to be contributed by Pingan Dahua under the Framework Agreement is to fund the development of the Logan City Project. The capital injection to be made by Pingan Dahua pursuant to the Framework Agreement is in line with the Group's regional development strategy in the PRC market. The Company believes that the transactions contemplated under the Framework Agreement are beneficial to the Company and the Shareholders as a whole as it will provide a source of funding for the Group to develop the Logan City Project. Following completion of the Capital Contribution, Shenzhen Logan Dongzhen will still hold a 90% equity interest in the Project Company and will continue to benefit from the future growth and success of the Logan City Project.

The purpose of the Entrusted Loan is to finance the development of the Logan City Project. Subject to the entering of the Entrusted Loan Agreement and the relevant security documents, the principal terms of the Entrusted Loan Arrangement, including the interest rate and the security involved have been agreed by the parties to the Framework Agreement after arm's length negotiations and having taken into account the prevailing market conditions. In view of the cooperation history between the Group and Pingan Dahua, Pingan Dahua has a good understanding of the operations of the Group which will facilitate the smooth progress for the funding for, and the development of the Logan City Project.

Based on the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the Framework Agreement are normal commercial terms, fair and reasonable, and in the best interest of the Company and its Shareholders as a whole.

None of the Directors has a material interest in the transactions contemplated under the Framework Agreement and is required to abstain from voting from the Board resolutions for considering and approving the entering of the Framework Agreement pursuant to the articles of association of the Company and applicable laws and regulations.

LISTING RULES IMPLICATIONS

(1) Capital Contribution/Deemed Disposal

(a) Major transaction

Prior to completion of the Capital Contribution, the Project Company is a wholly-owned subsidiary of the Company. Upon completion of the Capital Contribution, the Project Company will be owned as to 90% by Shenzhen Logan Dongzhen and as to 10% by Pingan Dahua. The equity interest of Shenzhen Logan Dongzhen in the Project Company would decrease from 100% to 90%, and such reduction constitutes a deemed disposal under Rule 14.29 of the Listing Rules.

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the deemed disposal as a result of completion of the Capital Contribution exceeds 25% but is below 75%, the deemed disposal as a result of completion of the Capital Contribution constitutes a major transaction for the Company and is subject to the announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder has a material interest in the Capital Contribution and is required to abstain from voting for the resolution to approve the Capital Contribution, should the Capital Contribution be put forward to the Shareholders to approve at a general meeting of the Company. Junxi Investments Limited, the controlling shareholder of the Company, who is interested in 3,400,000,000 Shares, representing approximately 61.26% of the issued share capital of the Company as at the date of this announcement, has approved the Capital Contribution by a written shareholder's approval pursuant to Rule 14.44 of the Listing Rules in lieu of a resolution to be passed at a general meeting of the Company.

A circular containing, amongst others, details of the Capital Contribution and other information as required by the Listing Rules will be despatched to the Shareholders. As additional time is required to gather and prepare the financial information to be included in the circular, the Company has applied to the Stock Exchange for an extension of time for despatch of the circular on or before 30 June 2016.

(b) Transaction with a connected person at the subsidiary level

Pingan Dahua owned a 49% interest in a subsidiary of the Company as at the date of this announcement, and is a substantial shareholder of a subsidiary of the Company and a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

The Directors (including all the independent non-executive Directors) have confirmed that the principal terms of the Capital Contribution attributable to Pingan Dahua are normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. The Capital Contribution attributable to Pingan Dahua is only subject to the reporting, announcement and annual review requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

(2) Financial Assistance with Security – Connected Transaction

Pingan Dahua owned a 49% interest in a subsidiary of the Company as at the date of this announcement, and is a substantial shareholder of a subsidiary of the Company and a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The Entrusted Loan Arrangement constitutes financial assistance by a connected person at the subsidiary level with security. As some of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Entrusted Loan Arrangement as contemplated under the Framework Agreement exceed 1% but are below 5%, the Entrusted Loan Arrangement is only subject to the reporting, announcement and annual review requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.87 of the Listing Rules.

INFORMATION OF THE PARTIES TO THE FRAMEWORK AGREEMENT

The Company through its subsidiaries is principally engaged in property development, property investment and property construction in the PRC.

The Project Company is a company established in the PRC and principally engaged in the property development and investment in the PRC. As at the date of this announcement, the Project Company is an indirect wholly-owned subsidiary of the Company.

Shenzhen Logan Dongzhen is a company established in the PRC and an investment holding company. As at the date of this announcement, Shenzhen Logan Dongzhen is an indirect wholly-owned subsidiary of the Company.

Shenzhen Logan is a company established in the PRC and an investment holding company engaged in provision of consultancy services in the PRC. As at the date of this announcement, Shenzhen Logan is an indirect wholly-owned subsidiary of the Company.

Pingan Dahua is a company established in the PRC which is principally engaged in asset management business in the PRC.

DEFINITIONS

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

“Board”	the board of Directors
“Capital Contribution”	has the meaning ascribed under the paragraph headed “(b) Capital Contribution” of this announcement
“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
“Directors”	the directors of the Company
“Entrusted Loan”	an entrusted loan with the principal amount of up to RMB500 million agreed to be granted by Pingan Dahua as lender to the Project Company as borrower
“Entrusted Loan Agreement”	the agreement to be entered into between the Project Company, Pingan Dahua and the Lending Bank in relation to the Entrusted Loan Arrangement

“Entrusted Loan Arrangement”	the arrangement in relation to the provision of the Entrusted Loan by Pingan Dahua to the Project Company through the Lending Bank as lending agent
“Framework Agreement”	the framework agreement dated 17 May 2016 entered into between Project Company, Shenzhen Logan Dongzhen, Shenzhen Logan, the Company and Pingan Dahua
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Lending Bank”	a bank to be agreed by the parties to the Framework Agreement and to be designated as lending agent for the Entrusted Loan Arrangement, which shall be an independent third party to the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Logan City Project”	a residential property project (龍光城) located on the Project Land, expected to comprise residential apartments, garden apartments and ancillary retail units
“Pingan Dahua”	深圳平安大華匯通財富管理有限公司 (Shenzhen Pingan Dahua Huitong Wealth Management Company Limited*), a company established in the PRC
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Project Company”	惠州大亞灣東圳房地產有限公司 (Huizhou Daya Bay Dongzhen Property Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Project Land”	the land located in Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	shares of the Company
“Shareholders”	shareholders of the Company
“Shenzhen Logan”	深圳市龍光控股有限公司 (Shenzhen Logan Holdings Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company

“Shenzhen Logan Dongzhen” 深圳市龍光東圳置業有限公司 (Shenzhen Logan Dongzhen Realty Co., Ltd.*) , a company established in the PRC and an indirect wholly-owned subsidiary of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

* *for identification purpose only*

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

Hong Kong, 17 May 2016

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.