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If you have sold or transferred all your shares in **Logan Property Holdings Company Limited** (the “Company”), you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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
MAJOR TRANSACTION –
DEEMED DISPOSAL OF 10% EQUITY INTEREST
IN A WHOLLY-OWNED SUBSIDIARY**

A letter from the Board is set out on pages 4 to 12 of this circular.

30 June 2016

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“Board”	the board of Directors
“Capital Contribution”	has the meaning ascribed under the paragraph headed “(b) Capital Contribution” under the section headed “Letter from the Board” of this circular
“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
“Latest Practicable Date”	28 June 2016, being the latest practicable date prior to the publication of this circular for ascertaining certain information for inclusion in this circular

DEFINITIONS

“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 circular
“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 the Latest Practicable Date
“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

DEFINITIONS

“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.

* *The English name is a translation of its Chinese name and is included in this circular for identification purposes only.*



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)

Executive Directors:

Mr. Kei Hoi Pang (*Chairman*)

Mr. Ji Jiande

Mr. Xiao Xu

Mr. Lai Zhuobin

Non-executive Director:

Ms. Kei Perenna Hoi Ting

Independent Non-executive Directors:

Mr. Zhang Huaqao

Ms. Liu Ka Ying, Rebecca

Mr. Cai Suisheng

Registered Office:

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Principal Place of Business

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International Commerce Centre

1 Austin Road West

Hong Kong

30 June 2016

To the Shareholders

Dear Sir/Madam,

**FRAMEWORK AGREEMENT IN RELATION TO
MAJOR TRANSACTION –
DEEMED DISPOSAL OF 10% EQUITY INTEREST
IN A WHOLLY-OWNED SUBSIDIARY**

INTRODUCTION

The Board announced that 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

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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.

The purpose of this circular is to provide you with the information relating to, among other things, further details regarding the details of the Capital Contribution together with other information as required under 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**”). Among the total amount of Capital Contribution, RMB5.6 million will be contributed to the registered capital of the Project Company and the remaining RMB4,494.4 million will be contributed to the capital reserve of the Project Company. 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 the Latest Practicable Date and immediately prior to the completion of the Capital Contribution, the registered capital of the Project Company is RMB50 million with a total investment amount of RMB1,533.8 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 with a total investment amount of RMB6,048.2 million, and its equity interest will be owned as to 90% by Shenzhen Logan Dongzhen and as to 10% by Pingan Dahua. Upon

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completion of the Capital Contribution, 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.

As at the Latest Practicable Date, all the conditions for the Capital Contribution have been fulfilled. As at the Latest Practicable Date, Pingan Dahua is finalizing its internal approval requirements for completing the Capital Contribution and it is expected that the Capital Contribution will be completed in the third quarter of 2016.

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(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.

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(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 the Logan City Project having been satisfied.

As at the Latest Practicable Date, all the conditions for the Entrusted Loan Arrangement have been fulfilled and the Entrusted Loan was fully drawdown in May 2016.

INFORMATION IN RELATION TO THE PROJECT COMPANY AND LOGAN CITY PROJECT

As at the date of the Latest Practicable Date, 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. Based on the current development schedule, it is estimated that the development of Logan City Project will take at least three years to complete and the total capital expenditure required for the development will be approximately RMB7,263.3 million, among which, the capital expenditure expected for the year ending 31 December 2016, 2017, 2018 and 2019 will be approximately RMB1,510.7 million, RMB2,276.2 million, RMB2,150.2 million and RMB1,326.2 million, respectively. The expected capital expenditure for the development of Logan City Project will be partly funded by the Capital Contribution with the remaining capital expenditure expected to be funded by bank borrowings and/or internal resources of the Group.

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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
	(RMB'000)	(RMB'000)
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.

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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.

FINANCIAL EFFECT OF THE CAPITAL CONTRIBUTION

As at the Latest Practicable Date, the Project Company is a wholly-owned subsidiary of the Company. Upon completion of the Capital Contribution, the Project Company will become a non wholly-owned subsidiary of the Company and continue to be a subsidiary of the Company and its accounts will continue to be consolidated in the consolidated financial statements of the Group. The shareholders of the Project Company will enjoy all the profit and bear all the liabilities or risks of the Project Company pro rata to their equity interests in the Project Company, and the Capital Contribution will not result in a loss of the Group's control over the Project Company. Accordingly, the effect of the deemed disposal will be accounted for as an equity transaction that will not result in the recognition of any gain or loss in profit or loss in the consolidated financial statements of the Group.

Upon completion of the Capital Contribution, the total assets of the Group will be increased by RMB4,500 million. The Capital Contribution will not result in any immediate direct impact to the profit or loss of the Group.

LISTING RULES IMPLICATIONS

(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.

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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 Latest Practicable Date, 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.

(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 Latest Practicable Date, 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.

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 the Latest Practicable Date, 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 Latest Practicable Date, 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors, including the independent non-executive Directors, are of the view that the terms of the Framework Agreement and the transactions contemplated thereunder is fair and reasonable and in the interest of the Group and the Shareholders as a whole. Accordingly, should a resolution be put at a general meeting of the Company for the Shareholders to consider, the Directors would recommend the Shareholders to vote in favour of such resolution.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Logan Property Holdings Company Limited
KEI Hoi Ping
Chairman

I. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements, together with the accompanying notes to the financial statements, of the Group for the three years ended 31 December 2013, 2014 and 2015 are disclosed on pages 44 to 119, pages 54 to 139 and pages 55 to 143 of the annual reports of the Company for the three years ended 31 December 2013, 2014 and 2015, respectively. The management discussion and analysis of the Company for the three years ended 31 December 2013, 2014 and 2015 are disclosed in the published annual reports of the Company for the relevant years.

Please also see below the hyperlinks to the said annual reports:

For the year ended 31 December 2013:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0408/LTN20140408211.pdf>

For the year ended 31 December 2014:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0423/LTN20150423290.pdf>

For the year ended 31 December 2015:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0408/LTN20160408341.pdf>

II. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2016, being the latest practicable date for the purpose of determining this indebtedness of the Group prior to the printing of this circular, the Group had the following:

	<i>RMB(000)</i>
Bank loans and other loans	11,410,396
Corporate bonds payable	7,500,000
Senior notes	5,231,709
Other borrowings	1,293,800
Total	25,435,905

Save as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any material:

- (i) debt securities issued and outstanding, authorised or otherwise created but unissued;
- (ii) term loans;
- (iii) borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments; or
- (iv) mortgages or charges.

III. WORKING CAPITAL

The effect of the Capital Contribution on the working capital of the Group is the availability of increased fund for the Group's operations and the increase in the level of the Group's working capital sufficiency.

After taking into account the financial resources available to the Group, including the internally generated funds and the available banking facilities, the Directors are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

IV. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material change in the financial or trading position or outlook of the Group since 31 December 2015, the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

V. FUTURE PROSPECTS

The year 2016 is the first year of which year the 13th Five-Year Plan becomes effective. Under the current macro-environment, it is expected that the economic growth in the PRC will be within a reasonable range. Structural reform and urbanization will be continued to put forward. In light of a slower growth of GDP, the central government is expected to continue its qualitative easing policy and effective financial policies in order to stimulate domestic economic development. The moderate supporting policies to the real estate industry are also expected to continue. In respect of the PRC real estate industry, the development of urbanization and the real estate enterprises has shown. 2016 also marks the 20th anniversary of the establishment of the Group. The Group will duly adjust its investments and sales strategies according to the changing market situation so as to strive for a higher sales growth while ensuring a reasonable profit margin.

In respect of the product structure, the Group will continue to focus on projects catering to inelastic demand and targeting first-time homebuyers and upgraders in order to strengthen the existing advantages and competitiveness of the Group. Further, the Group will also strive to further refine the design and quality of products with an aim to provide the best quality to customers and realize product value of the Group.

In respect of the land investment, the Group will maintain its leading market position in Shantou and Nanning while further increasing its investment in the large Shenzhen circle and the Pearl River Delta and optimising its strategic plan. Its focus will be placed on cities and surrounding regions with a more developed economy and development potential, including Beijing-Tianjin-Hebei Economic Zone, Shanghai and zone nearby and the opportunities to obtain the land nearby. These efforts will allow the Group to establish a quality land reserve for its continuous rapid growth. The Group will also acquire quality properties in the core areas of first-tier cities such as Shenzhen, Beijing and Shanghai to provide long-term and stable operating cash flow for the Company.

In addition, the Group will also continue to analyse the development opportunities of other industries and other investment projects in order to further optimize its diversified strategies and create greater returns for its Shareholders.

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Ltd., an independent valuer, in connection with its valuation as at 31 May 2016 of the property interests held by the Project Company.



Asset Appraisal Limited
中誠達資產評值顧問有限公司

Rm 901, 9/F., On Hong Commercial Building
145 Hennessy Road, Wanchai, Hong Kong
香港灣仔軒尼詩道145號
安康商業大廈9字樓901室
Tel : (852) 2529 9448 Fax : (852) 3521 9591

30 June 2016

The Directors

Logan Property Holdings Co., Ltd.

Units 02-03A, 68th Floor

International Commerce Centre

No.1 Austin Road West

Jordan, Kowloon

Hong Kong

Dear Sirs,

Re: Valuation of Property Development (named as Logan City) situated in Daya Bay Economic and Technology Development Zone, Huiyang District, Huizhou City, Guangdong Province, the People's Republic of China

In accordance with your instructions for us to value the captioned property interests of (the "**Properties**") of Huizhou Daya Bay Dongzhen Property Co., Ltd. (referred to as the "**Project Company**") and its subsidiaries (together referred to as the "**Project Group**") in the People's Republic of China ("**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the market values of the Properties as at 31 May 2016 (referred to as the "**valuation date**").

Basis of Valuation

Our valuation of the Properties represents the market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

Valuation Methodology

The Properties have been valued by the comparison method where comparison based on price information of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all respective advantage and disadvantage of each property in order to arrive at a fair comparison of capital values.

Assumptions

Our valuation has been made on the assumption that the owner sells the Properties on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect their values.

As the Properties are held by the Project Company by means of long term Land Use Rights granted by the Government, we have assumed that the Project Company has free and uninterrupted rights to use the property for the whole of the unexpired term of its land use rights. We have also assumed that the Properties can be freely transferred on the market free from any land premium or expenses of substantial amount payable to the Government.

Other special assumptions of each property, if any, have been stated out in the footnotes of the valuation certificate for each corresponding property.

Titleship

We have been provided with copies of legal documents regarding the Properties. However, we have not verified ownership of the Properties and the existence of any encumbrances that would affect ownership of the Properties.

We have also relied upon the legal opinion provided by the PRC legal advisers, namely Commerce & Finance Law Offices (通商律師事務所), to the Project Company on the relevant laws and regulations in the PRC, on the nature of land use rights or leasehold interests in the Properties situated in the PRC.

Limiting Conditions

No allowance has been made in our report for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values. Our valuation have been made on the assumption that the seller sells the Properties on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the Properties.

We have relied to a very considerable extent on the information given by the Project Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site and floor areas in respect of the Properties but have assumed that the site and floor areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The Properties were last inspected on 31 May 2016 by Mr. Or Kin Kwan Stanley who is a holder of a Higher Certificate in Valuation and Property Management from the Hong Kong Polytechnic University and has over 10 years of experience in valuation of properties in Hong Kong and in the PRC. We have inspected the exterior and, where possible, the interior of the buildings and structures of the Properties. However, no structural survey has been made for them. In the course of our inspection, we did not note any apparent defects. We are not, however, able to report whether the buildings and structures inspected by us are free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Project Company. We have also sought confirmation from the Project Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld. However, we must point out that we have not carried out site investigations to determine the suitability of ground conditions or the services for any property development thereon. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period.

In valuing the Properties, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on the Main Board and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards on Properties (2012 Edition) published by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all monetary sums stated in this report are in Renminbi (RMB).

Our summary of valuation and valuation certificates are attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Ltd.

Tse Wai Leung
MFin BSc MRICS MHKIS RPS(GP)
Director

Tse Wai Leung is a member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a Registered Professional Surveyor in General Practice and a qualified real estate appraiser in the PRC. He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

SUMMARY OF VALUATION

Property	Market value in existing state as at 31 May 2016 (RMB)
Group I – Property Held by the Project Group for Sale	
1. Unsold portion in South 1st Phase to South 4th Phase and North 1st Phase to North 4th Phase Logan City (龍光城) Lao She (老畚) West Zone of Daya Bay Economic and Technology Development Zone Huiyang District Huizhou City Guangdong Province the PRC	4,335,000,000
Group II – Property Held by the Project Group Under Development	
2. Development Sites of North 8th Phase, North 11th Phase, North 12th Phase and North 14th Phase, Logan City (龍光城) Lao She (老畚) West Zone of Daya Bay Economic and Technology Development Zone Huiyang District Huizhou City Guangdong Province the PRC	5,100,000,000
Group III – Property Held by the Project Group for Future Development	
3. Development Sites of North 3Ard Phase, North 5th Phase, North 6th Phase, North 7th Phase, North 9th Phase, North 10th Phase, North 13th Phase and South 6th Phase, Logan City (龍光城) Lao She (老畚) West Zone of Daya Bay Economic and Technology Development Zone Huiyang District Huizhou City Guangdong Province the PRC	12,000,000,000

Property	Market value in existing state as at 31 May 2016 (RMB)
Group IV – Property Held by the Project Group for Investment	
4. Retail Units of Block No. 50 in North 1st Phase, Logan City (龍光城) Lao She (老畚) West Zone of Daya Bay Economic and Technology Development Zone Huiyang District Huizhou City Guangdong Province the PRC	110,000,000
5. Hotel Building in South 1st Phase, Logan City (龍光城) Lao She (老畚) West Zone of Daya Bay Huiyang District Huizhou City Guangdong Province the PRC	440,000,000
Grand Total	<hr/> 21,985,000,000 <hr/>

VALUATION CERTIFICATE

Group I – Property Held by the Project Group for Sale

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
<p>1. Unsold portion of South 1st Phase to South 4th Phase and North 1st Phase to North 4th Phase Logan City (龍光城) Lao She (老畚) West Zone of Daya Bay Economic and Technology Development Zone Huiyang District Huizhou City Guangdong Province the PRC</p>	<p>The subject development is stretching over a total land area of 1,733,510 square metres. It is designated for a large-scale commercial/residential development namely “Logan City”.</p> <p>The property comprises 187 garden houses, 188 residential units, 109 retail units and 8,316 carparking spaces within South 1st Phase to South 4th Phase and North 1st Phase to North 4th Phase of the subject development. The property was completed in between 2011 and 2015.</p> <p>The gross floor areas of the garden house, residential and retail are 54,049.31 square metres, 15,698.94 square metres and 26,540.89 square metres respectively.</p> <p>The land use rights of certain land parcels of the property with a total area of 574,464 square metres are held for a land use rights term expiring on 11 March 2047 (for commercial use) or 11 March 2077 (for residential use).</p> <p>The land use rights of the remaining land parcels of the property with a total area of 113,768 square metres are held for a land use right terms expiring on 9 February 2048 (for commercial use) or 9 February 2078 (for residential use).</p>	<p>The property is currently vacant.</p>	<p>RMB4,335,000,000</p>

Notes:

1. As revealed by various sets of Land Use Rights Certificate dated between 11 May 2009 and 26 March 2014, the land use rights in the property with a total land area of 688,232 square metres (being the land portions occupied by South 1st Phase to South 4th Phase and North 1st Phase to North 4th Phase of Logan City) are held by Huizhou Daya Bay Dongzhen Property Co., Ltd. (惠州大亞灣東圳房地產有限公司), which is a wholly-owned subsidiary of the Project Company, for the terms with the latest expiring on 11 March 2047 and 11 March 2077 for commercial and residential uses respectively.
2. As stipulated in various sets of Certificate for Construction Works Completion, the property was completed in between 2011 and 2015.
3. As at the Valuation Date, the selling of the villas, the residential units, retail units and carparking spaces of South 1st Phase to South 4th Phase and North 1st Phase to North 4th Phase of Logan City has commenced. As confirmed by the Project Company, the property (comprising 187 garden houses, 188 residential units, 109 retail units with respective gross floor areas of 54,049.31 square metres, 15,698.94 square metres and 26,540.89 square metres and 8,316 carparking spaces) together with property numbered 4 and 5 (being properties held for investment as mentioned below) constitute the unsold portions of South 1st Phase to South 4th Phase and North 1st Phase to North 4th Phase of Logan City.
4. The status of the title and grant of major approvals and licences in accordance with the information provided by the Project Company and the opinion of the Project Company's legal advisers on the PRC law is as follows:

Land Use Rights Contract	:	Yes
Land Use Rights Certificate	:	Yes
Planning Permit for Construction Land	:	Yes
Planning Permit for Construction Works	:	Yes
Certificate for Construction Works Completion	:	Yes
Pre-sale Permit	:	Yes
5. In the course of our valuation, we have assumed the carparking spaces of the property can be freely transferred on the market free from any land premium or expenses of substantial amount payable to the Government.
6. We have been provided with a legal opinion regarding the property interests by the Project Company's PRC legal advisers, which contains, inter alia, the followings:
 - i. The land use rights of the property are held by Huizhou Daya Bay Dongzhen Property Co., Ltd. for terms with the latest expiring on 9 February 2048 and 9 February 2078 for commercial and residential uses respectively;
 - ii. Huizhou Daya Bay Dongzhen Property Co., Ltd. has obtained all relevant construction approvals, Certificate for Construction Works Completion and Pre-sale Permit as stated in the PRC Legal Opinion for the subject development.

Group II – Property Held by the Project Group Under Development

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
2. Development Sites of North 8th Phase, North 11th Phase, North 12th Phase and North 14th Phase, Logan City (龍光城) Lao She (老畲) West Zone of Daya Bay Economic and Technology Development Zone Huiyang District Huizhou City Guangdong Province the PRC	<p>The subject development is stretching over a total land area of 1,733,510 square metres. It is designated for a large-scale commercial/residential development namely "Logan City".</p> <p>The property is occupying 4 parcels of land with a total area of 228,160 square metres on which 29 blocks of 17 to 33-storey residential building and a 3-storey commercial building are being erected.</p> <p>As at the date of our inspection, the construction works of the property were in progress. As advised, the property will be fully completed in 2017.</p> <p>Upon completion, the property shall provide a total gross floor area of 583,491 square metres.</p> <p>The land use rights of the commercial and residential portions of the property are held for terms expiring on 11 March 2047 and 11 March 2077 respectively.</p>	The property is currently vacant.	RMB5,100,000,000

Notes:

1. As revealed by four sets of Land Use Rights Certificate dated 24 January 2014, 3 July 2014, 21 October 2015 and 25 November 2015 respectively, the land use rights in the property is held by Huizhou Daya Bay Dongzhen Property Co., Ltd. (惠州大亞灣東圳房地產有限公司), which is a wholly-owned subsidiary of the Project Company, for the terms expiring on 11 March 2047 and 11 March 2077 for commercial and residential uses respectively.
2. As revealed from various sets of Planning Permit for Construction Works, the property is subject to the following material development conditions:

Total Gross Floor Area	:	583,491 square metres
Land Use	:	Residential and Commercial/Residential
No. of Storey	:	3 to 33
3. As revealed by various sets of Planning Permit for Construction Land dated 10 January 2014, 14 May 2014 and 30 September 2015 respectively, the land use rights in the property with a total land area of 228,160 square metres are held by Huizhou Daya Bay Dongzhen Property Co., Ltd. for commercial and residential uses.
4. Based on the information provided by the Project Company, the total construction costs for the property and the construction costs expended on the property as at the valuation date were estimated to be approximately RMB2,374,400,000 and RMB393,030,000 respectively.
5. The market value of the property as if were fully completed on the valuation date is RMB8,985,000,000.
6. The status of the title and grant of major approvals and licences in accordance with the information provided by the Project Company and the opinion of the Project Company's legal advisers on the PRC law is as follows:

Land Use Rights Contract	:	Yes
Land Use Rights Certificate	:	Yes
Planning Permit for Construction Land	:	Yes
Planning Permit for Construction Works	:	Yes
7. We have been provided with a legal opinion regarding the property interests by the Project Company's PRC legal advisers, which contains, inter alia, the followings:
 - i. The land use rights in the property is held by Huizhou Daya Bay Dongzhen Property Co., Ltd. for the terms expiring on 11 March 2047 and 11 March 2077 for commercial and residential uses respectively;
 - ii. Huizhou Daya Bay Dongzhen Property Co., Ltd. has obtained all relevant construction approvals for North 8th Phase and North 14th Phase as stated in the PRC Legal Opinion for the subject development;
 - iii. A parcel of land with an area of 41,543 square metres was subject to a mortgage.

Group III – Property Held by the Project Group for Future Development

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
3. Development Sites of North 3Ard Phase, North 5th Phase, North 6th Phase, North 7th Phase, North 9th Phase, North 10th Phase, North 13th Phase and South 6th Phase, Logan City (龍光城) Lao She (老畚) West Zone of Daya Bay Economic and Technology Development Zone Huiyang District Huizhou City Guangdong Province the PRC	<p>The subject development is stretching over a total land area of 1,733,510 square metres. It is designated for a large-scale commercial/residential development namely "Logan City".</p> <p>The property comprises nine parcels of bare land with a total area of 579,516 square metres within the subject development.</p> <p>Upon completion, the property will provide a total gross floor area of 1,490,363 square metres for commercial/residential uses.</p> <p>Construction works of the property was not yet commenced on the valuation date. As confirmed by the Project Company, construction work is scheduled to be commenced by the end of 2016.</p> <p>The land use rights of the commercial and residential portions of the property are held for terms expiring on 11 March 2047 and 11 March 2077 respectively.</p>	<p>The property is currently vacant.</p>	<p>RMB12,000,000,000</p>

Notes:

1. As revealed by various sets of Land Use Rights Certificate dated 26 March 2014, 21 March 2016, the land use rights in the property is held by Huizhou Daya Bay Dongzhen Property Co., Ltd. (惠州大亞灣東圳房地產有限公司), which is a wholly-owned subsidiary of the Project Company, for the terms with the latest expiring on 11 March 2047 and 11 March 2077 for commercial and residential uses respectively.

2. The status of the title and grant of major approvals and licences in accordance with the information provided by the Project Company and the opinion of the Project Company's legal advisers on the PRC law is as follows:

Land Use Rights Contract	:	Yes
Land Use Rights Certificate	:	Yes

3. As revealed from the three sets Land Use Rights Contract entered into between Huizhou Land Resources Bureau and Huizhou Daya Bay Dongzhen Property Co., Ltd., in relation to the Project Land (being the development site of the subject development), the property is subject to the following material development conditions:

Site Area	:	1,733,510 square metres (the property constitutes part of the development site).
Land Use	:	Commercial/Residential
Plot Ratio	:	≤2 to 3.7
Site Coverage	:	≤25%
Greenery Coverage	:	≤25% to 35%

4. As revealed from the Revised Detail Planning Approval for Logan City issued by Construction Bureau for Housing and Planning of Huizhou Daya Bay Economic and Technology Development Zone on 3 January 2014, the following material development conditions for the subject development has been revised:

Total Gross Floor Area	:	3,847,638 square metres.
Plot Ratio	:	≤2.2859
Site Coverage	:	≤30%
Greenery Coverage	:	≥35%

5. We have been provided with a legal opinion regarding the property interests by the Project Company's PRC legal advisers, which contains, inter alia, the followings:

- i. The land use rights in the property is held by Huizhou Daya Bay Dongzhen Property Co., Ltd. for the terms with the latest expiring on 11 March 2047 and 11 March 2077 for commercial and residential uses respectively;
- ii. Four parcels of land with a total area of 236,725 square metres was subject to a mortgage.

Group IV – Property Held by the Project Group for Investment

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
4. Retail Units of Block No.50 in North 1st Phase, Logan City (龍光城) Lao She (老畚) West Zone of Daya Bay Economic and Technology Development Zone Huiyang District Huizhou City Guangdong Province the PRC	<p>The subject development is stretching over a total land area of 1,733,510 square metres. It is designated for a large-scale commercial/residential development namely “Logan City”.</p> <p>The property comprises a 2-storey commercial building. The property was completed in 2012.</p> <p>The total gross floor area of the property is of 4,055 square metres.</p> <p>The land use rights of the property are held for a term expiring on 11 March 2047.</p>	As advised by the Project Company, a retail unit of the property with the gross floor area of 396 square metres is leased for a term expiring on 31 March 2023 at a current monthly rent of RMB9,900 whilst the remaining portion is currently vacant.	RMB110,000,000

Notes:

1. As revealed by the Land Use Rights Certificate dated 1 May 2009, the land use rights in the property is held by Huizhou Daya Bay Dongzhen Property Co., Ltd. (惠州大亞灣東圳房地產有限公司), which is a wholly-owned subsidiary of the Project Company, for the terms expiring on 11 March 2047 and 11 March 2077 for commercial and residential uses respectively.
2. The status of the title and grant of major approvals and licences in accordance with the information provided by the Project Company and the opinion of the Project Company’s legal advisers on the PRC law is as follows:

Land Use Rights Contract	:	Yes
Land Use Rights Certificate	:	Yes
Planning Permit for Construction Land	:	Yes
Planning Permit for Construction Works	:	Yes
Certificate for Construction Works Completion	:	Yes
3. As stipulated in the Certificate for Construction Works Completion dated 27 December 2012, the property was completed in 2012.
4. As at the Valuation Date, the selling of the villas, the residential units, retail units and carparking spaces of South 1st Phase to South 4th Phase and North 1st Phase to North 4th Phase of Logan City has commenced. As confirmed by the Project Company, the property (comprising a 2-storey commercial building with a total gross floor area of 4,055 square metres) together with property numbered 1 (being property held for sale as mentioned above) and property numbered 5 (being another property held for investment as mentioned below) constitute the unsold portions of South 1st Phase to South 4th Phase and North 1st Phase to North 4th Phase of Logan City.
5. We have been provided with a legal opinion regarding the property interests by the Project Company’s PRC legal advisers, which contains, inter alia, the followings:
 - i. The land use rights in the property is held by Huizhou Daya Bay Dongzhen Property Co., Ltd. for the terms expiring on 11 March 2047 and 11 March 2077 for commercial and residential uses respectively;
 - ii. Huizhou Daya Bay Dongzhen Property Co., Ltd. has obtained all relevant construction approvals and Certificate for Construction Works Completion as stated in the PRC Legal Opinion for the subject development.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
5. Hotel Building in South 1st Phase, Logan City (龍光城) Lao She (老畲) West Zone of Daya Bay Economic and Technology Development Zone Huiyang District Huizhou City Guangdong Province the PRC	<p>The subject development is stretching over a total land area of 1,733,510 square metres. It is designated for a large-scale commercial/residential development namely "Logan City".</p> <p>The property comprises a 9-storey hotel building completed in 2015.</p> <p>The total gross floor area of the property is of 19,810 square metres.</p> <p>The land use rights of the property are held for a term expiring on 11 March 2047.</p>	The property is currently being operated as a hotel.	RMB440,000,000

Notes:

1. As revealed by the Land Use Rights Certificate dated 1 May 2009, the land use rights in the property is held by Huizhou Daya Bay Dongzhen Property Co., Ltd. (惠州大亞灣東圳房地產有限公司), which is a wholly-owned subsidiary of the Project Company, for the terms expiring on 11 March 2047 and 11 March 2077 for commercial and residential uses respectively.
2. The status of the title and grant of major approvals and licences in accordance with the information provided by the Project Company and the opinion of the Project Company's legal advisers on the PRC law is as follows:

Land Use Rights Contract	:	Yes
Land Use Rights Certificate	:	Yes
Planning Permit for Construction Land	:	Yes
Planning Permit for Construction Works	:	Yes
Certificate for Construction Works Completion	:	Yes
3. As stipulated in the Certificate for Construction Works Completion dated 2 February 2015, the property was completed in 2015.
4. As at the Valuation Date, the selling of the villas, the residential units, retail units and carparking spaces of South 1st Phase to South 4th Phase and North 1st Phase to North 4th Phase of Logan City has commenced. As confirmed by the Project Company, the property (comprising a 9-storey hotel building with a total gross floor area of 19,810 square metres) together with property numbered 1 (being property held for sale as mentioned above) and property numbered 4 (being another property held for investment as mentioned above) constitute the unsold portions of South 1st Phase to South 4th Phase and North 1st Phase to North 4th Phase of Logan City.
5. We have been provided with a legal opinion regarding the property interests by the Project Company's PRC legal advisers, which contains, inter alia, the followings:
 - i. The land use rights in the property is held by Huizhou Daya Bay Dongzhen Property Co., Ltd. for the terms expiring on 11 March 2047 and 11 March 2077 for commercial and residential uses respectively;
 - ii. Huizhou Daya Bay Dongzhen Property Co., Ltd. has obtained the relevant construction approvals and Certificate for Construction Works Completion as stated in the PRC Legal Opinion for the subject development.

Property Reconciliation

Property	Carrying Value of the Property <i>RMB million</i>
Carrying value as at 31 December 2015 (<i>Note 1 and 5</i>)	3,643
Additions	340
Sold and transferred to P&L for the period from 31 December 2015 to 31 May 2016 (<i>Note 2</i>)	359
Carrying value as at 31 May 2016 (<i>Note 3 and 5</i>)	3,624
Net loss from fair value adjustments	–
Revaluation Surplus of 100% property interest	18,361
Valuation Report as at 31 May 2016	21,985

Notes:

1. The figure is extracted from the management account of the Project Company for the period ended 31 December 2015.
2. The figure is extracted from the management account of the Project Company for the period ended 31 May 2016,
3. The figure is extracted from the management account of the Project Company for the period ended 31 May 2016.
4. The figure is based on the revaluation of the Property as set out in Appendix II to this circular.
5. The carrying value of the Property is classified as investment properties, prepaid land lease payments and properties under development in the Project Company's financial statements.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in the compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Directors and chief executive were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(i) Interest in Shares of the Company

Name of Director	Nature of interest	Number of shares ⁽¹⁾	Underlying Shares Interested ⁽²⁾	Percentage of Company's Issued Share Capital ⁽⁵⁾
Mr. Kei Hoi Pang	Beneficiary of a family trust. Interest of a controlled corporation ⁽³⁾	4,250,000,000 (L)		76.58%
	Beneficial owner		13,120,000 (L) ⁽⁴⁾	0.24%
Mr. Ji Jiande	Beneficial owner	-	9,840,000 (L)	0.18%
Ms. Kei Perenna Hoi Ting	Beneficiary of a family trust. Interest of controlled corporations ⁽³⁾	4,250,000,000(L)		76.58%
	Beneficial owner		2,050,000 (L)	0.04%

Name of Director	Nature of interest	Number of shares ⁽¹⁾	Underlying Shares Interested ⁽²⁾	Percentage of Company's Issued Share Capital ⁽⁵⁾
Mr. Lai Zhuobin	Beneficial owner	-	4,170,000 (L)	0.08%
Mr. Xiao Xu	Beneficial owner	-	4,470,000 (L)	0.08%

Notes:

- (1) The letter "L" denotes the person's long position in the shares.
- (2) The number of shares represents the shares in which the directors are deemed to be interested as a result of holding share options.
- (3) Kei Perenna Hoi Ting is the settlor and a beneficiary of a family trust. She is also indirectly interested in the Company through Dragon Jubilee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively 15.29% equity interests in the Company. Mr. Kei Hoi Pang who is also a beneficiary of the family trust is also considered to be interested in the shares of the Company through Junxi Investments Limited and Ms. Kei Perenna Hoi Ting as (i) Junxi Investments Limited is a company which is entirely owned by a family trust to which Ms. Kei Perenna Hoi Ting and Mr. Kei Hoi Pang are beneficiaries and (ii) Ms. Kei Perenna Hoi Ting being a person accustomed to act in accordance with Mr. Kei Hoi Pang's directions.
- (4) Including the grant of 8,170,000 share options which has been approved by independent Shareholders on 31 July 2014.
- (5) The percentage is calculated based on the total number of issued shares of the Company as at the Latest Practicable Date.

(ii) Interests in associated corporations of the Company

Name of Director	Name of associated corporation	Percentage of Shareholding Interest
Ms. Kei Perenna Hoi Ting	Junxi Investments Limited	100%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company, had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Directors and chief executive were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company, or were required, pursuant to the Model Code of the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Directors' service contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation other than statutory compensation).

(c) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries.

(d) Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.

(e) Directors' interests in competing businesses

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company under section 336 of the SFO, the persons other than a Director or chief executive of the Company who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in the Shares of the Company

Name	Nature of Interest	Number of Shares ⁽¹⁾	Percentage of the Company's Issued Share Capital ⁽⁵⁾
Mr. Kei Hoi Pang	Beneficiary of a family trust, Interest of a controlled corporation	4,250,000,000 (L)	76.58%
	Beneficial owner	13,120,000 (L) ⁽⁴⁾	0.24%
Ms. Kei Perenna Hoi Ting	Beneficiary of a family trust, Interest of controlled corporations ⁽²⁾	4,250,000,000 (L)	76.58%
	Beneficial owner	2,050,000 (L)	0.04%
Brock Nominees Limited ⁽³⁾	Nominee	3,400,000,000 (L)	61.26%
Credit Suisse Trust Limited ⁽³⁾	Trustee	3,400,000,000 (L)	61.26%
Junxi Investments Limited ⁽³⁾	Beneficial owner	3,400,000,000 (L)	61.26%
Kei Family United Limited ⁽³⁾	Interest of a controlled corporation	3,400,000,000 (L)	61.26%
Tenby Nominees Limited ⁽³⁾	Nominee	3,400,000,000 (L)	61.26%
Dragon Julibee Investments Limited	Beneficial owner	425,000,000 (L)	7.66%
RRJ Capital Master Fund III, L.P.	Interest of a controlled corporation	278,777,000 (L)	5.02%

Notes:

- (1) The letter "L" denotes the person's long position in shares.
- (2) Ms. Kei Perenna Hoi Ting is indirectly interested in the Company through Dragon Julibee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively 15.32% interests in the Company.

- (3) Ms. Kei Perenna Hoi Ting is the settlor and a beneficiary of a family trust, which is a trust set up to hold the interest of Ms. Kei Perenna Hoi Ting and her family in the Company. The family trust is interested in the entire interest of Kei Family United Limited which in turns hold the entire interest in Junxi Investments Limited. Further, Mr. Kei Hoi Pang who is also a beneficiary of the family trust is also considered to be interested in the shares of the Company through Junxi Investments Limited and Ms. Kei Perenna Hoi Ting as (i) Junxi Investments Limited is a company which is entirely owned by a family trust to which Ms. Kei Perenna Hoi Ting and Mr. Kei Hoi Pang are beneficiaries and (ii) Ms. Kei Perenna Hoi Ting being a person accustomed to act in accordance with Mr. Kei Hoi Pang's directions.
- (4) Including the grant of 8,170,000 share options which has been approved by independent shareholders on 31 July 2014.
- (5) The percentage is calculated based on the total number of issued shares of the Company as at the Latest Practicable Date.

Save as disclosed above, the Directors and the chief executive of the Company were not aware that there was any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any share options in respect of such capital.

As at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, were entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are, or may be material:

- (a) the capital contribution agreement dated 17 December 2014 entered into among Shenzhen Jinjun Real Estate Company Limited (a non-wholly owned subsidiary of the Company) ("**Shenzhen Jinjun**"), Shenzhen Logan Property Company Limited (a wholly-owned subsidiary of the Company) and Pingan Dahua in relation to the capital contribution of RMB2 billion made by Pingan Dahua to Shenzhen Jinjun;
- (b) the entrusted loan agreement dated 23 December 2014 entered into among Shenzhen Jinjun, Pingan Dahua and Baoshang Bank, Shenzhen Branch in relation to an entrusted loan with a principal amount of RMB800 million by Pingan Dahua as lender to Shenzhen Jinjun as borrower through Baoshang Bank, Shenzhen Branch as lending bank;
- (c) the Framework Agreement.

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

6. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given its opinions or advices which are contained in this circular:

Name	Qualification
Asset Appraisal Limited ("Asset Appraisal")	an independent professional property valuer

As at the Latest Practicable Date, Asset Appraisal did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2015, the date to which the latest audited financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Asset Appraisal has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

7. MISCELLANEOUS

- (a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is at Unit Nos. 02-03A, Level 68 International Commerce Centre, 1 Austin Road West, Hong Kong.
- (b) The Company's Hong Kong branch share registrar and transfer office is Tricor Investor Services Ltd., Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The company secretary of the Company is Ms. Li Yan Wing, Rita, a chartered secretary and a fellow of each of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (d) The English text of this circular shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong during normal business hours on any weekdays during the period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the written consent referred to in the paragraph headed "Expert's qualification and consent" in this Appendix;
- (c) the annual reports of the Company for the two years ended 31 December 2014 and 2015;
- (d) each of the material contracts set out under the paragraph headed "Material Contracts" in this Appendix;
- (e) the property valuation report issued by Asset Appraisal in relation to the valuation of the Property as at 31 May 2016, as set out in Appendix II to this circular; and
- (f) this circular.