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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

ACQUISITION OF 10% EQUITY INTEREST IN HUIZHOU DAYA BAY DONGZHEN PROPERTY CO., LTD.*

THE ACQUISITION

On 28 June 2017, Shenzhen Logan Dongzhen, Pingan Dahua and the Project Company entered into the Equity Transfer Agreement, pursuant to which Shenzhen Logan Dongzhen agreed to acquire, and Pingan Dahua agreed to dispose of, 10% equity interest in the Project Company at a total consideration of RMB4,038,592,800.

As at the date of this announcement, the Project Company is owned as to 90% by Shenzhen Logan Dongzhen and 10% by Pingan Dahua. Upon completion of the Acquisition, the Project Company will become an indirect wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the financial results of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the Acquisition exceeds 5% but are less than 25%, the entering into the Equity Transfer Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and therefore is subject to the reporting and announcement requirements under the Listing Rules.

Further, as at the date of this announcement, Pingan Dahua owned a 49% interest in a subsidiary of the Company, 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 a result, the entering into the Equity Transfer Agreement also constitutes a connected transaction of the Company. As the Directors (including all the independent non-executive Directors) have confirmed that the Equity Transfer Agreement is on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, such transaction 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.

INTRODUCTION

Reference is made to the announcement of the Company dated 17 May 2016 and the circular of the Company dated 30 June 2016 in relation to, among other things, the deemed disposal of 10% equity interest in the Project Company by Shenzhen Logan Dongzhen as a result of the Capital Contribution made by Pingan Dahua and Shenzhen Logan Dongzhen pursuant to the Framework Agreement. Upon completion of the Capital Contribution and as at the date of this announcement, the Project Company is owned as to 90% by Shenzhen Logan Dongzhen and 10% by Pingan Dahua. As contemplated under the Framework Agreement, Shenzhen Logan Dongzhen has the first right to acquire all or part of the 10% equity interest in the Project Company.

The Board hereby announces that Shenzhen Logan Dongzhen has resolved to exercise its first right to acquire all the 10% equity interest in the Project Company. Accordingly, on 28 June 2017, Shenzhen Logan Dongzhen, Pingan Dahua and the Project Company entered into the Equity Transfer Agreement, pursuant to which Shenzhen Logan Dongzhen agreed to acquire, and Pingan Dahua agreed to dispose of, 10% equity interest in the Project Company at a total consideration of RMB4,038,592,800.

THE ACQUISITION

The Equity Transfer Agreement

Date:

28 June 2017

Parties:

- (1) Shenzhen Logan Dongzhen, a wholly-owned subsidiary of the Company, as purchaser;
- (2) Pingan Dahua, as vendor; and
- (3) the Project Company, a non-wholly owned subsidiary of the Company as at the date of this announcement.

Assets to be acquired

Pursuant to the Equity Transfer Agreement, Shenzhen Logan Dongzhen agreed to acquire, and Pingan Dahua agreed to dispose of, 10% equity interest in the Project Company.

As a result of the capital contribution of RMB3,960 million injected by Pingan Dahua pursuant to the Framework Agreement, the equity interest of the Project Company is owned as to 90% by Shenzhen Logan Dongzhen and as to 10% by Pingan Dahua.

Consideration

The total consideration payable for the Acquisition is RMB4,038,592,800 and shall be payable by Shenzhen Logan Dongzhen to Pingan Dahua in cash upon the entering of the Equity Transfer Agreement.

The consideration for the Acquisition will be financed by the Group's internal resources.

Basis of the consideration

The consideration for the Acquisition contemplated under the Equity Transfer Agreement was determined upon arm's length negotiation between the parties with reference to (i) the net asset value of the Project Company as at 31 May 2017; (ii) the initial capital contribution made by Pingan Dahua; and (iii) the business prospects of the Project Company. Accordingly, the Directors are of the view that the consideration for the Acquisition is fair and reasonable.

Completion of the Acquisition

The parties will arrange and complete the relevant registration with the local authority in relation to the change of equity interests pursuant to the Acquisition within five business days upon the signing of the Equity Transfer Agreement.

As at the date of this announcement, the Project Company is owned as to 90% by Shenzhen Logan Dongzhen and 10% by Pingan Dahua. Upon completion of the Acquisition, the Project Company will become an indirect wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the financial results of the Group.

INFORMATION IN RELATION TO THE PROJECT COMPANY AND LOGAN CITY PROJECT

As at the date of this announcement, the Project Company is a non-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.

Set out below is the financial information of the Project Company for the two financial years ended 31 December 2015 and 2016:

	For the year ended	
	31 December	
	2015	2016
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Profit before tax	1,398,016	476,119
Profit after tax	1,048,541	343,695

As at 31 December 2016, the net assets value of the Project Company was RMB5,690,748,451.

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 was acquired in March 2007 at a consideration of approximately RMB1,090 million and 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. The Project Land will be developed into residential area and has 24 phases in total. As at the date of this announcement, construction of 11 phases of the Logan City Project has been completed, and construction of the remaining 13 phases are expected to be completed by year 2021.

REASONS AND BENEFITS OF THE ACQUISITION

The capital contribution made by Pingan Dahua pursuant to the Framework Agreement was to fund the development of the Logan City Project. On the other hand, the objective of Shenzhen Logan Dongzhen was to leverage on the financial strength and network of Pingan Dahua. It has always been the intention of Shenzhen Logan Dongzhen to exercise its first right and to acquire the 10% equity interest in the Project Company held by Pingan Dahua in order to maximize the overall return of the Shareholders. In light of the aforesaid construction schedule and part of properties of the Logan City Project will be delivered, accordingly, the Company believes that the Acquisition contemplated under the Equity Transfer Agreement are beneficial to the Company and its Shareholders as a whole. Following completion of the Acquisition, the Project Company will become an indirect wholly-owned subsidiary of the Company and the Group will be able to enjoy 100% of the benefit arising from the future growth and success 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 Equity Transfer 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 Equity Transfer Agreement and is required to abstain from voting from the Board resolutions for considering and approving the entering of the Equity Transfer Agreement pursuant to the articles of association of the Company and applicable laws and regulations.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the Acquisition exceeds 5% but are less than 25%, the entering into the Equity Transfer Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and therefore is subject to the reporting and announcement requirements under the Listing Rules.

Further, as at the date of this announcement, Pingan Dahua owned a 49% interest in a subsidiary of the Company, 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 a result, the entering into the Equity Transfer Agreement also constitutes a connected transaction of the Company. As the Directors (including all the independent non-executive Directors) have confirmed that the Equity Transfer Agreement is on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, such transaction 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 EQUITY TRANSFER AGREEMENT

The Group 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.

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.

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.

“Acquisition”	the acquisition of 10% equity interest in the Project Company by Shenzhen Logan Dongzhen pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“Capital Contribution”	the respective capital contribution of RMB3,960 million (originally RMB4,500 million and subsequently adjusted to RMB3,960 million in September 2016) and RMB0.04 million to the Project Company by Pingan Dahua and Shenzhen Logan Dongzhen pursuant to the Framework Agreement

“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
“Equity Transfer Agreement”	the equity transfer agreement dated 28 June 2017 entered into by Shenzhen Logan Dongzhen, Pingan Dahua and the Project Company in relation to the Acquisition
“Framework Agreement”	the framework agreement dated 17 May 2016 entered into between Project Company, Shenzhen Logan Dongzhen, Shenzhen Logan Holdings Co., Ltd., the Company and Pingan Dahua in relation to, among other things, the Capital Contribution. Details of which are set forth in the announcement and circular of the Company dated 17 May 2016 and 30 June 2016, respectively
“Group”	the Company and its subsidiaries
“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

“Shareholders”	shareholders 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 Hoipang
Chairman

Hong Kong, 28 June 2017

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.