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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)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF 49% EQUITY INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY

AND

(2) CONTINUING CONNECTED TRANSACTION PROVISION OF SERVICES TO SHENZHEN LOGAN JUNJING

(1) DISCLOSEABLE AND CONNECTED TRANSACTION – ACQUISITION OF 49% EQUITY INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY

Shenzhen Logan Property acquired the 49% equity interest in Shenzhen Jinjun held by Pingan Dahua at a total consideration of RMB2,086 million.

As one of the applicable percentage ratios in respect of the Acquisition exceeded 5% but was less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

Prior to the Acquisition, Pingan Dahua was a substantial shareholder of Shenzhen Jinjun which was a non-wholly owned subsidiary of the Company, and hence a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The Acquisition constitutes a connected transaction of the Company. The Directors (including all the independent non-executive Directors) have confirmed that the Acquisition is conducted on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Acquisition was subject to the reporting, announcement and annual review requirements but was exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

(2) CONTINUING CONNECTED TRANSACTION – PROVISION OF SERVICES TO SHENZHEN LOGAN JUNJING

The Company, Shenzhen Logan Junjing, Shenzhen Logan Property and Pingan Dahua entered into the Supplemental Framework Agreement, pursuant to which Pingan Dahua agreed to provide the Services to Shenzhen Logan Junjing.

As at the date of the Supplemental Framework Agreement, Pingan Dahua was a substantial shareholder of a non-wholly owned subsidiary of the Company, and hence a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The provision of the Services constitutes a continuing connected transaction of the Company.

As the applicable percentage ratios (other than the profits ratio) for the provision of the Services on an annual basis exceeded 1% but were less than 5%, the provision of the Services was subject to the reporting, announcement and annual review requirements, but was exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE ACQUISITION

Reference is made to the announcement of the Company dated 17 December 2014 in relation to the Capital Contribution Agreement entered into between Shenzhen Logan Property and Pingan Dahua, pursuant to which Pingan Dahua agreed to make a capital contribution of RMB2 billion to Shenzhen Jinjun. Upon completion of the capital contribution by Pingan Dahua pursuant to the Capital Contribution Agreement, Shenzhen Jinjun was owned as to 51% by Shenzhen Logan Property and as to 49% by Pingan Dahua and was a non-wholly owned subsidiary of the Company.

As part of the transaction, Shenzhen Logan Property was granted by Pingan Dahua the first right to repurchase all or part of the 49% equity interest held by Pingan Dahua in Shenzhen Jinjun.

On 15 December 2016, Shenzhen Logan Property exercised its first right to acquire the 49% equity interest in Shenzhen Jinjun at a total consideration of RMB2,086 million. The principle terms of the Acquisition are set out below.

Consideration

The total consideration for the Acquisition was RMB2,086 million.

The consideration was financed by the Group's internal resources.

The consideration for the Acquisition was determined upon arm's length negotiation between the parties with reference to (i) the net asset value of Shenzhen Jinjun as at 30 November 2016; (ii) the initial capital contribution made by Pingan Dahua; and (iii) the business prospects of Shenzhen Jinjun.

Completion

The Acquisition was completed on 26 December 2016.

Upon completion of the Acquisition, Shenzhen Jinjun became an indirect wholly-owned subsidiary of the Company with its financial results being consolidated into the financial results of the Group.

Information relating to Shenzhen Jinjun

Upon completion of the Acquisition and as at the date of this announcement, Shenzhen Jinjun is an indirect wholly-owned subsidiary of the Company. Shenzhen Jinjun was established in the PRC on 15 April 2014. It is the project company which owns the land use right to a land parcel located in the Longhua District, Shenzhen for residential use for 70 years.

The land plot has a total site area of 46,646.77 square metres and a GFA of 186,500 square metres. As at the date of this announcement, the development has been completed and the book value of the land together with the buildings thereon is RMB2.3 billion.

The financial information of Shenzhen Jinjun for the two financial years ended 31 December 2016 is set out below:

	For the year ended	
	31 December	
	2015	2016
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Profit before tax	-43,573	2,591,604
Profit after tax	-43,573	1,802,649

As at 31 December 2016, the net asset value of Shenzhen Jinjun was RMB3,856,187,000.

Reason for the Acquisition

The capital contribution made by Pingan Dahua pursuant to the Capital Contribution Agreement was applied to fund the development of the project development on the Land. The objective of Shenzhen Logan Property was to leverage on the financial strength and network of Pingan Dahua. It has always been the intention of Shenzhen Logan Property to exercise its first right of repurchase and to acquire the 49% equity interest in Shenzhen Jinjun held by Pingan Dahua in order to maximize the overall return of the Shareholders. The Company believes that the Acquisition is beneficial to the Company and the Shareholders as a whole.

Following completion of the Acquisition, Shenzhen Jinjun became an indirect wholly-owned subsidiary of the Company. The Group has since then been able to enjoy 100% of the benefit arising from the future growth and success of the project development on the Land.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition are normal commercial terms, and fair and reasonable, and are in the best interest of the Company and the Shareholders as a whole.

None of the Directors had a material interest in the Acquisition and was required to abstain from voting from the Board resolutions for considering and approving the Acquisition 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 exceeded 5% but was less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

Prior to the Acquisition, Pingan Dahua was a substantial shareholder of Shenzhen Jinjun, which was a non-wholly owned subsidiary of the Company, and hence a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The Acquisition constitutes a connected transaction of the Company. The Directors (including all the independent non-executive Directors) have confirmed that the Acquisition is conducted on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Acquisition was subject to the reporting, announcement and annual review requirements but was exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules. The Company should have made an announcement at the relevant time in accordance with Rule 14.34 and Rule 14A.35 of the Listing Rules.

PROVISION OF THE SERVICES

On 16 October 2015, the Company, Shenzhen Logan Junjing, Shenzhen Logan Property entered into the Framework Agreement with Pingan Dahua, pursuant to which Pingan Dahua has conditionally agreed to make a capital contribution of RMB4,800 million to Shenzhen Logan Junjing for the purpose of development of the land held by Shenzhen Logan Junjing. Upon completion of the capital contribution made pursuant to the Framework Agreement, Shenzhen Logan Junjing became a non-wholly owned subsidiary of the Company and was owned as to 49% by Pingan Dahua and as to 51% by Shenzhen Logan Property.

On the same date, the Company, Shenzhen Logan Junjing, Shenzhen Logan Property and Pingan Dahua entered into the Supplemental Framework Agreement, pursuant to which Pingan Dahua agreed to provide the Services to Shenzhen Logan Junjing. The principle terms for the provision of the Services are set out below.

Term

Pingan Dahua agreed to provide the Services from 16 October 2015 to 31 December 2016.

Services provided

Pingan Dahua agreed to provide to Shenzhen Logan Junjing the following services (collectively, the “**Services**”):

- (i) provision of financing services, including entrusted loan, property development loan and mortgage loan; and
- (ii) provision of communication and liaison assistance with financial institutions to access different cooperation opportunities and financing channels for Shenzhen Logan Junjing.

Fee

For the provision of the Services, Shenzhen Logan Junjing was expected to pay Pingan Dahua a service fee of RMB374.4 million per annum subject to actual amount of Services provided by Pingan Dahua.

The fee was determined with reference to (i) the then expected amount of Services required to be provided by Pingan Dahua; and (ii) similar services to be provided by other independent financial institutions.

The fee was payable by Shenzhen Logan Junjing on a quarterly basis and was funded by internal resources of the Group.

The amount of the fee paid by Shenzhen Logan Junjing to Pingan Dahua for the year ended 31 December 2015 was RMB31,546,000. The amount of the fee paid by Shenzhen Logan Junjing to Pingan Dahua the year ended 31 December 2016 was RMB248,568,000.

Reason for the provision of the Services

Given the background and network of Pingan Dahua, Shenzhen Logan Junjing has benefited from the provision of the Services by Pingan Dahua in terms of additional funding sources for the project development.

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

None of the Directors had a material interest in relation to the provision of the Services and was required to abstain from voting from the relevant Board resolutions pursuant to the articles of association of the Company and applicable laws and regulations.

Listing Rules implications

As at the date of the Supplemental Framework Agreement, Pingan Dahua was a substantial shareholder of a non-wholly owned subsidiary of the Company, and hence a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The provision of the Services constitutes a continuing connected transaction of the Company.

As the applicable percentage ratios (other than the profits ratio) for the provision of the Services on an annual basis exceeded 1% but were less than 5%, the provision of the Services was subject to the reporting, announcement and annual review requirements, but was exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company should have made an announcement at the relevant time in accordance with Rule 14A.35 of the Listing Rules. With respect to the fee payment set out in the paragraph headed "Fee" above, the Company should have observed Rule 14A.55, Rule 14A.56 and Rule 14A.71 of the Listing Rules.

GENERAL

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

Shenzhen Jinjun is a company established in the PRC and is principally engaged in the property development and investment in the PRC.

Shenzhen Logan Junjing is a company established in the PRC and is principally engaged in the property development and investment in the PRC.

Shenzhen Logan Property is a company established in the PRC and an investment holding company. As at the date of this announcement, Shenzhen Logan Property 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 49% equity interest in Shenzhen Jinjun by Shenzhen Logan Property
“Board”	the board of Directors
“Capital Contribution Agreement”	the agreement dated 17 December 2014 entered into between Shenzhen Logan Property, Pingan Dahua and Shenzhen Jinjun

“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
“Framework Agreement”	the framework agreement dated 16 October 2015 entered into between the Company, Shenzhen Logan Junjing, Shenzhen Logan Property and Pingan Dahua in relation to the capital contribution made by Pingan Dahua to Shenzhen Logan Junjing
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	has the meaning set out in the section headed “Services provided” in this announcement
“Shareholders”	shareholders of the Company
“Shenzhen Jinjun”	深圳市金駿房地產有限公司 (Shenzhen Jinjun Real Estate Company Limited*), a company established in the PRC and a non-wholly owned subsidiary of the Company as at the date of this announcement
“Shenzhen Logan Junjing”	深圳市龍光駿景房地產開發有限公司 (Shenzhen Logan Junjing Real Estate Company Limited*), a company established in the PRC
“Shenzhen Logan Property”	深圳市龍光房地產有限公司 (Shenzhen Logan Property Company Limited*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company

“Supplemental Framework Agreement” the supplement agreement to the Framework Agreement dated 16 October 2015 entered into between the Company, Shenzhen Logan Junjing, Shenzhen Logan Property and Pingan Dahua

“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, 19 July 2017

As at the date of this announcement, the executive Directors are Mr. Kei Hoi Pang, Mr. Ji Jiande, Mr. Xiao Xu, Mr. Lai Zhuobin and Mr. Chen Guanzhan; 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.