

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

LOGAN

龙光地产

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)

CONTINUING CONNECTED TRANSACTIONS

On 30 December 2019, Shenzhen Logan, a wholly-owned subsidiary of the Company, entered into the 2019 Master Pre-delivery Property Service Agreement with Logan Foundation in relation to the provision of Pre-delivery Property Service by Shenzhen Logan and its subsidiaries to Logan Foundation and its subsidiaries.

On 30 December 2019, Shenzhen Logan, a wholly-owned subsidiary of the Company, entered into the Master Property Management Service Agreement with Logan Property Management in relation to the provision of Property Management Service by Logan Property Management and its subsidiaries to Shenzhen Logan and its subsidiaries.

As at the date of this announcement, Logan Foundation is effectively held as to 47% by Mr. Kei and Logan Property Management is a wholly-owned subsidiary of Logan Foundation. Each of Logan Foundation and Logan Property Management is hence a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the 2019 CCT Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) for the annual cap amount under each of the 2019 CCT Agreements are more than 0.1% but less than 5%, the transactions under each of the 2019 CCT Agreements are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2019 MASTER PRE-DELIVERY PROPERTY SERVICE AGREEMENT

Reference is made to the announcement of the Company dated 13 June 2017. The 2017 Master Pre-delivery Property Service Agreement will expire on 31 December 2019. On 30 December 2019, Shenzhen Logan, a wholly-owned subsidiary of the Company, entered into the 2019 Master Pre-delivery Property Service Agreement with Logan Foundation. The principal terms of the 2019 Master Pre-delivery Property Service Agreement are set out below:

Subject: Shenzhen Logan and its subsidiaries will provide the following services at the pre-delivery stages of the property projects of Logan Foundation and its subsidiaries in the PRC:

- (a) construction services, including but not limited to, foundation engineering, purchase of construction materials, decoration, fitting, electricity installation, construction of structural facilities, cleaning work upon completion of construction, onsite management and construction raw material procurement and other related services; and
- (b) design and architectural services, including but not limited to, building and structure design, planning design, architecture design, external façade design and overall planning design for the project,

(collectively, the “**Pre-delivery Property Service**”).

Term: The 2019 Master Pre-delivery Property Service Agreement has a fixed term commencing from 1 January 2020 and ending on 31 December 2022 (both days inclusive).

Pricing: As a general principle, the price and terms of the individual service agreement in respect of the Pre-delivery Property Service will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm’s length basis and at prices and on terms no more favorable than those offered to independent third parties.

Subject to the general principle disclosed above, the service fee payable by Logan Foundation to Shenzhen Logan for the Pre-delivery Property Service shall be determined with reference to (a) the expected total construction area of the property projects of Logan Foundation to which the Pre-delivery Property Service is required; (b) the locations of the development projects of Logan Foundation; (c) the costs for provision of the related Pre-delivery Property Service by Shenzhen Logan (including the salaries and benefits, costs incurred for the use of facilities and disbursements to third parties); and (d) the prevailing market price for the similar services with similar size and type of projects to be provided to third parties obtained through the regular price research conducted by the Group.

Payment: Payment for the Pre-delivery Property Service will be settled by cash at credit terms to be agreed by the parties in accordance with market practice and shall not be on terms more favourable than those offered to independent third parties.

The 2019 Master Pre-delivery Property Service Agreement is the framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. Separate agreements may be entered into between Shenzhen Logan and/or its subsidiaries and Logan Foundation and/or its subsidiaries for the transactions contemplated under the 2019 Master Pre-delivery Property Service Agreement.

Annual Caps

The annual cap amounts for the Pre-delivery Property Service for each of the three financial years ending 31 December 2022 are set out below:

	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Annual cap	300,000	350,000	350,000

Historical transaction amount

The historical transaction amounts under the 2017 Master Pre-delivery Property Service Agreement are set out below.

	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Annual cap	500,000	500,000	500,000
Actual transaction amount	84,260	142,887	280,370 ^(Note)

Note: For the eleven months ended 30 November 2019.

Basis of annual caps

The above annual caps were determined with reference to (i) the expected amount of service fees payable to Shenzhen Logan for the provision of Pre-delivery Property Service taking into account (a) at least 2 projects each with anticipated service demand in value of approximately RMB100,000,000 to be required by the Group in 2020; (b) anticipated increase in demand of Pre-delivery Property Service required by Logan Foundation during the term of the 2019 Master Pre-delivery Property Service Agreement taking into account of the number of property development projects of Logan Foundation in the PRC and the expected GFA to be completed for each year during the term of the 2019 Master Pre-delivery Property Service Agreement; and (c) the unit price per square meter as agreed from time to time; and (ii) the historical transaction amount.

MASTER PROPERTY MANAGEMENT SERVICE AGREEMENT

On 30 December 2019, Shenzhen Logan, a wholly-owned subsidiary of the Company, entered into the Master Property Management Service Agreement with Logan Property Management. The principal terms of the Master Property Management Service Agreement are set out below:

Subject: Logan Property Management and its subsidiaries will provide, the following services for the property projects of Shenzhen Logan and its subsidiaries:

- (a) property management services, including management, maintenance, security, environmental, cleaning and sanitation services for the unsold property units; and
- (b) property management related services, including but not limited to the consultation services at the pre-delivery stage of property development, display units and property sales management services, marketing services and property completion surveying services,

(collectively, the “**Property Management Service**”).

Term: The Master Property Management Service Agreement has a fixed term commencing from 1 January 2020 and ending on 31 December 2022 (both days inclusive).

Pricing: As a general principle, the price and terms of the individual service agreement in respect of the Property Management Service will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm’s length basis and at prices and on terms no less favorable than those offered to the Group from independent third parties.

Subject to the general principle disclosed above, the service fee payable by Shenzhen Logan to Logan Property Management for the Property Management Service shall be (a) determined with reference to the anticipated actual cost to be incurred by Logan Property Management (including labour costs, material costs and administrative costs) in the provision of the services plus a reasonable profit margin which will be determined by the profit margin adopted by independent third party suppliers of similar services and similar type of projects in the market; and (b) shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable).

Payment: Payment for the Property Management Service will be settled by cash at credit terms to be agreed by the parties in accordance with market practice and shall not be no less favourable than those available to the Group from independent third parties.

The Master Property Management Service Agreement is the framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. Separate agreements may be entered into between Shenzhen Logan and/or its subsidiaries and Logan Property Management and/or its subsidiaries for the transactions contemplated under the Master Property Management Service Agreement.

Annual Caps

The annual cap amounts for the Property Management Service for each of the three financial years ending 31 December 2022 are set out below:

	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Annual cap	250,000	350,000	400,000

Historical transaction amount

The historical transaction amounts for the services set out in (a) of the paragraph headed “Subject” of this section between the Group and Logan Property Management and its subsidiaries are set out below:

There was no historical transaction amount regarding the property management related services set out in (b) of the paragraph headed “Subject” of this section.

	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	13,675	19,847	54,680 ^(Note)

Note: For the eleven months ended 30 November 2019.

Basis of annual caps

The above annual caps were determined with reference to (i) the expected demand of Property Management Services of the Group having regards to the expected GFA requiring property management services, the contracted sales of the Group and the expected land bank during the term of the Master Property Management Services Agreement; (ii) the prevailing market rate of similar property management services; and (iii) the historical transaction amounts and the growth in contracted sales in GFA of 62.8% for the first eleven months of 2019 as compared with the corresponding period in the previous year.

REASONS AND BENEFITS FOR ENTERING INTO THE 2019 CCT AGREEMENTS

Logan Foundation is a company established in the PRC principally engaged in hotel and commercial property development in the PRC.

Logan Property Management is a company established in the PRC principally engaged in property management in the PRC. It is a wholly-owned subsidiary of Logan Foundation.

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

Shenzhen Logan is a wholly-owned subsidiary of the Company and mainly engages in investment holding, with subsidiaries principally engaged in property development and the provision of construction services.

The transactions contemplated under each of the 2019 CCT Agreements are in the ordinary and usual course of business of the Group.

The businesses of the members of the Company comprise of various areas relating to property development in the PRC, including property development, design, construction, fitting and decoration. The provision of Pre-delivery property Service forms part of the core business of the Group and the provision of Pre-delivery property Service for Logan Foundation has been on-going for years with good solid track record.

Logan Property Management has solid and extensive experience in the property management field in the PRC, the Board believes that it is beneficial to the business of the Group to engage Logan Property Management to provide Property Management Services in terms of efficiency and reliability in the provision of such services.

Each of the 2019 CCT Agreements is agreed on an arm's length basis, on normal commercial terms and comparable with terms available to or from independent third parties. Accordingly, the Directors (including the independent non-executive Directors excluding Mr. Kei and Ms. Kei Perenna Hoi Ting) consider that the terms of the 2019 CCT Agreements are fair and reasonable and the entering into of the 2019 CCT Agreement is on normal commercial terms or better and in the ordinary and usual course of business of the Group and is in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATION

As at the date of this announcement, Logan Foundation is effectively held as to 47% by Mr. Kei and Logan Property Management is a wholly-owned subsidiary of Logan Foundation.

Each of Logan Foundation and Logan Property Management is hence a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the 2019 CCT Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Ms. Kei Perenna Hoi Ting, a non-executive Director, being the daughter of Mr. Kei is considered to be connected with Mr. Kei. Accordingly, each of Mr. Kei and Ms. Kei Perenna Hoi Ting is considered to have a material interest in the transactions contemplated under the 2019 CCT Agreements and therefore has abstained from voting on the board resolutions approving the entering into of the 2019 CCT Agreements.

As one or more of the applicable percentage ratios (other than the profits ratio) for the annual cap amount under each of the 2019 CCT Agreements are more than 0.1% but less than 5%, the transactions under each of the 2019 CCT Agreements are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTERNAL CONTROL

Subject to the general principle disclosed above, the pricing policy will be supervised and monitored by the relevant personnel and management of the Group in charge to ensure that each of the 2019 CCT Agreements is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole.

The Board and the senior management will conduct regular checks on a quarterly basis to review and assess whether the transactions contemplated under each of the 2019 CCT Agreements are conducted in accordance with the terms of the 2019 CCT Agreements, with reference to the terms of similar transactions with independent third parties.

The relevant personnel and management of the Group will also obtain updates on the market price on a monthly basis for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.

With respect to the 2019 Master Pre-delivery Property Service Agreement, the transaction price shall be negotiated by reference to the relevant guidance prices prescribed by the government (if applicable), prices for similar services between the Group and independent third parties and those charged by competitors of comparable scale for similar transactions with their independent third parties to ensure that the terms offered by the Group are no more favorable than those offered to independent third parties.

With respect to the Master Property Management Service Agreement, the Group shall obtain at least two quotations of similar services provided by independent third parties and review regularly to ensure that the terms offered by Logan Property Management are no less favorable than those offered by other independent third parties.

The independent non-executive Directors would continue to review the transactions contemplated under the 2019 CCT Agreements and the auditors of the Company would also conduct an annual review on the pricing terms and annual caps thereof.

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the 2019 CCT Agreements have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

“2017 Master Pre-delivery Property Service Agreement”	the agreement dated 13 June 2017 entered into between Shenzhen Logan and Logan Foundation in relation to the provision of Pre-delivery Property Service by Shenzhen Logan to Logan Foundation
“2019 CCT Agreements”	the 2019 Master Pre-delivery Property Service Agreement and the Master Property Management Service Agreement
“2019 Master Pre-delivery Property Service Agreement”	the agreement dated 30 December 2019 entered into between Shenzhen Logan and Logan Foundation in relation to the provision of Pre-delivery Property Service by Shenzhen Logan to Logan Foundation
“Board”	the board of Directors

“Company”	Logan Property Holdings Company Limited, 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(s)”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Logan Foundation”	Logan Foundation Group Co., Ltd.* (龍光交通集團有限公司, formerly known as 龍光基業集團有限公司), a company established in the PRC with limited liability
“Logan Property Management”	Guangdong Logan Group Property Management Co., Ltd* (廣東龍光集團物業管理有限公司), a company established in the PRC with limited liability
“Master Property Management Service Agreement”	the agreement dated 30 December 2019 entered into between Shenzhen Logan and Logan Property Management in relation to the provision of Property Management Service by Logan Property Management to Shenzhen Logan
“Mr. Kei”	Mr. Kei Hoi Pang, an executive Director and the chairman of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Pre-delivery Property Service”	has the meaning ascribed under the paragraph headed “2019 Master Pre-delivery Property Service Agreement” of this announcement
“Property Management Service”	has the meaning ascribed under the paragraph headed “Master Property Management Service Agreement” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares with a par value of HK\$0.10 each in the capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Logan”	Shenzhen Logan Holdings Co., Ltd.* (深圳市龍光控股有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 30 December 2019

As at the date of this announcement, the executive directors of the Company are Mr. Kei Hoi Pang, Mr. Lai Zhuobin, Mr. Xiao Xu and Mr. Wu Jian; the non-executive director of the Company is Ms. Kei Perenna Hoi Ting; and the independent non-executive directors of the Company are Mr. Zhang Huaqiao, Ms. Liu Ka Ying, Rebecca and Mr. Cai Suisheng.

* *For identification purpose only*