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LOGAN

龙光集团

Logan Group Company Limited

龍光集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3380)

**ISSUANCE OF HK\$1,950 MILLION 6.95%
EQUITY-LINKED SECURITIES DUE 2026**

Sole Global Coordinator and Sole Bookrunner



THE SUBSCRIPTION AGREEMENT

On 26 January 2022, the Company and the Sole Bookrunner entered into the Subscription Agreement in connection with the Securities Issue. The Securities are cash settled equity linked securities. No equity securities of the Company will be issued by the Company upon exchange or redemption of the Securities.

UBS AG Hong Kong Branch is the sole global coordinator, the sole bookrunner and sole lead manager in respect of the offer and sale of the Securities.

Principal terms of the Securities

Securities Offered

Subject to certain conditions to completion, the Company will issue the Securities in the aggregate principal amount of HK\$1,950 million.

The Securities will mature on 4 August 2026, unless earlier redeemed in accordance with the terms thereof.

Offering Price

The offering price will be 100% of the principal amount of the Securities.

Interest

The Securities bear interest on their outstanding principal amount from and including the Issue Date at the rate of 6.95 per cent. per annum, payable semi-annually in arrear on 4 August and 4 February in each year, commencing on 4 August 2022.

Status

The Securities constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The Securities are jointly and severally guaranteed by the Subsidiary Guarantors.

Exercise right

The Securities shall entitle the holder to require the Company to exchange such Securities at their Cash Exercise Amount at any time during the Exercise Period.

Redemption

(i) Maturity

Unless previously redeemed or purchased and cancelled, the Company will redeem each Security at a premium of its principal amount on the Maturity Date together with interest accrued but unpaid to but excluding such date (if any) as set out in the terms and conditions of the Securities.

(ii) Redemption at the option of the Company

On giving not less than 30 nor more than 60 days' notice to the Securityholders and the trustee, the Securities may be redeemed by the Company at any time in whole, but not in part, on the date specified in the notice at their Early Redemption Amount, together with interest accrued but unpaid to but excluding such date (if any), at any time if, prior to the date the relevant notice is given, exercise rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90% or more in principal amount of the Securities originally issued.

(iii) Redemption at the Option of the Securityholders

The Company will, at the option of the holder of any Security, redeem all or some of that holder's Securities on the Put Option Date at a premium of the principal amount of the Securities, together with interest accrued but unpaid to but excluding such date (if any) as set out in the terms and conditions of the Securities.

To exercise such right, the holder of the relevant Security must surrender the certificate evidencing the Securities to be redeemed not earlier than 60 days and not later than 30 days prior to the Put Option Date.

(iv) Redemption for delisting, suspension of trading and change of control

Following the occurrence of any of the following events:

- (i) when the Shares cease to be listed or admitted to trading, or are suspended for a period equal to or exceeding 30 consecutive trading days, on the Stock Exchange or, if applicable, an alternative securities exchange; or
- (ii) when there is a change of control in the Company

the holder of each Security will have the right at such holder's option by notice given to the Company not later than 60 days following any such event, or if later, 60 days following the giving of notice by the Company to the Securityholders of such event to require the Company to redeem all or some only of such holder's Bonds on the 14th day following the expiry of such 60-day period at their Early Redemption Amount (together with any interest accrued to the date fixed for redemption but unpaid) as at such date.

(v) Redemption for taxation reasons

The Securities may be redeemed, at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Securityholders and the trustee, on the date specified in the notice at their principal amount as at such date together with interest accrued but unpaid to but excluding such date (if any), if the Company satisfies the trustee immediately prior to the giving of such notice that if (a) as a result of (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a relevant taxing jurisdiction affecting taxation; or (2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction), which change or amendment is proposed and becomes effective (i) with respect to the Company or any initial Subsidiary Guarantor, on or after the issue date, or (ii) with respect to any future Subsidiary Guarantor or JV Subsidiary Guarantor, on or after the date such future Subsidiary Guarantor or JV Subsidiary Guarantor becomes a Subsidiary Guarantor or JV Subsidiary Guarantor, with respect to any payment due or to become due under the Securities or the Trust Deed, the Company, a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is, or on the next interest payment date would be, required to pay additional amounts, and (b) such requirement cannot be avoided by the taking of reasonable measures by the Company, a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, would be obligated to pay such additional amounts if a payment in respect of the Securities were then due.

Exercise Price

The Exercise Price is subject to adjustment upon the occurrence of certain prescribed events namely, consolidation, subdivision or reclassification of shares, capitalisation of profits or reserves, capital distributions, rights issues of Shares or options over Shares, rights issues of other securities, and issues at less than current market price.

If a change of control occurs, the Exercise Price shall be adjusted in accordance with the following formula:

$$NEP = \frac{OEP}{1 + (EP \times c/t)}$$

“NEP” means the new Exercise Price;

“OEP” means the Exercise Price in effect on the relevant exercise date;

“EP” means 27.0 per cent. expressed as a fraction;

“c” means the number of days from and including the date the change of control occurs to but excluding the Maturity Date.

“t” means the number of days from and including the Issue Date to but excluding the Maturity Date.

Transferability

The Securities are freely transferable subject to conditions.

Events of default

The events of default under the Securities include, among others: (a) default in the payment of principal of (or premium, if any, on) the Securities when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise; (b) default in the payment of the Cash Exercise Amount or interest on any Security when the same becomes due and payable, and such default continues for a period of 14 consecutive days; (c) the Company or certain of its subsidiaries default in the performance of or breaches any other covenant or agreement in the Indenture or under the Securities (other than a default specified in (a) or (b) above) and such default or breach continues for a period of 30 consecutive days after written notice by Citicorp International Limited as trustee or the holders of 25% or more in aggregate principal amount of the Securities; (d) there occurs with respect to any indebtedness of the Company or certain of its subsidiaries having an outstanding principal amount of US\$30.0 million or more in the aggregate for all such indebtedness (i) an event of default that has caused the holder of such indebtedness to declare such indebtedness to be due and payable prior to its stated maturity and/or (ii) the failure to make a principal payment when due; (e) one or more

final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$30.0 million during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect; (f) an involuntary case or other proceeding is commenced against the Company or certain of the Company's subsidiaries with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or certain of its subsidiaries or for any substantial part of the property and assets of the Company or certain of its subsidiaries, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days, or an order for relief is entered against the Company or certain of its subsidiaries under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect; (g) the Company or certain of its subsidiaries commence voluntary bankruptcy, insolvency or other similar proceedings, consent to such similar action or effects any general assignment for the benefit of creditors; and (h) any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) denies or disaffirms its obligations under its guarantee or, except as permitted by the Indenture, any guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an event of default (other than an event of default specified in (f) or (g) above) occurs and is continuing under the Indenture, the trustee or the holders of at least 25% in aggregate principal amount of the Securities then outstanding, may, by written notice to the Company (and to the trustee if such notice is given by the holders), may, and the trustee at the written request of such holders shall, subject to receiving indemnity and/or security to its satisfaction, declare the Early Redemption Amount, premium, (if any), and accrued and unpaid interest on the Securities to be immediately due and payable. If an event of default specified in clause (f) or (g) above occurs with respect to the Company or certain of its subsidiaries, the Early Redemption Amount, premium, (if any), and accrued and unpaid interest on the Securities then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

Lock-up Undertaking

The Company, Junxi Investments Limited and Dragon Jubilee Investments Limited shall undertake with the Sole Bookrunner that for a period between the date of the Subscription Agreement and the date which is 90 calendar days after the Closing Date (both dates inclusive), neither it nor any person acting on its or their behalf will, without the prior written consent of the Sole Bookrunner (a) issue, offer, sell, contract to sell, pledge, encumber or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Securities or any securities convertible into, exchangeable for or which

carry rights to subscribe or purchase the Securities, the Shares or securities of the same class as them; (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares; (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise (and for such purpose including any cash settled equity-linked instruments (whether cash settlement is at the option of the issuer of the instrument, on a mandatory basis or otherwise) where the redemption, exercise or exchange price (howsoever described) is linked to or references the price of the Shares); or (d) announce or otherwise make public an intention to do any of the foregoing.

Use of Proceeds

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

The Company intends to use the net proceeds of the Securities Issue for refinancing its existing indebtedness. The Company may adjust its plans in response to changing market conditions and, thus, reallocate the use of the net proceeds.

Listing

The Company will seek a listing of the Securities on the Stock Exchange.

Admission of the Securities to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Securities.

GENERAL

The Securities and the Subsidiary Guarantees have not been, and will not be, registered under the Securities Act. The Securities and the Subsidiary Guarantees will only be offered and sold by the initial purchasers of the Securities outside the United States in compliance with Regulation S under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Securities will be offered to the public in Hong Kong.

The Company will seek a listing of the Securities on the Stock Exchange. The issue of the Securities is conditional upon, among others, the formal listing approval for the Securities, having been granted from the Stock Exchange. Admission of the Securities to the Stock Exchange shall not be taken as an indication of the merits of the Company or the Securities.

No PRIIPs key information document (KID) has been prepared as the Securities are not available to retail investors in the EEA.

No PRIIPs key information document (KID) has been prepared as the Securities are not available to retail investors in the UK.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set forth below unless the context requires otherwise:

“Board” the board of Directors

“Cash Exercise Amount” means, in respect of any Security where exercise rights have been exercised and all trading days within the Cash Exercise Calculation Period in respect of such exercise, the sum of an amount calculated by the Company in accordance with the following formula for each such trading day in the Cash Exercise Calculation Period:

$$DCA = \frac{1}{N} \times \frac{B}{EP} \times P_n$$

DCA = the daily cash amount, expressed in Hong Kong dollars;

B = the aggregate principal amount of the Securities subject to such exercise rights;

EP = the Exercise Price in effect on the relevant exercise date;

P_n = on the relevant trading day, the volume weighted average price of a Share on such trading day falling in the corresponding Cash Exercise Calculation Period; and

N = 10, being the number of trading days in the Cash Exercise Calculation Period.

“Cash Exercise Calculation Period” means, in respect of any Security where exercise rights have been exercised, 10 consecutive trading days commencing on the first trading day following the exercise date.

“Closing Date” 4 February, 2022, or such later date, not being later than 8 February, 2022, as the Issuer and the Sole Bookrunner may agree

“Company”	Logan Group 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”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Early Redemption Amount”	for each HK\$2,000,000 principal amount of the Securities, is the amount determined by the Company to represent for the Securityholder on the relevant date for determination of the Early Redemption Amount (the “ Determination Date ”) a gross yield of 7.95 per cent. per annum calculated on a semi-annual basis.
“EEA”	European Economic Area
“Exercise Period”	on or after 3 August 2022 up to the close of business on the date falling twenty days prior to the Maturity Date
“Exercise Price”	will initially be HK\$7.25 per Share subject to adjustment in the manner provided in the terms and conditions of the Securities
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Date”	4 February 2022
“JV Subsidiary Guarantees”	limited recourse guarantees given by the JV Subsidiary Guarantors on the Securities
“JV Subsidiary Guarantors”	certain subsidiaries of the Company, other than the Subsidiary Guarantors, that guarantee the Company’s obligations under the Securities
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	4 August 2026
“PRC”	the People’s Republic of China
“Put Option Date”	4 May 2024
“Securities”	the HK\$1,950 million 6.95% cash settled equity-linked securities due 2026 to be issued by the Company

“Securities Act”	the United States Securities Act of 1933, as amended
“Securities Issue”	the issue of the Securities by the Company
“Securityholder”	Holder of the Securities
“Shares”	ordinary shares of the Company
“Sole Bookrunner”	UBS AG Hong Kong Branch
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the agreement dated 26 January 2022 entered into by and among UBS AG Hong Kong Branch, the Company and the Subsidiary Guarantors in relation to the Securities Issue
“Subsidiary Guarantees”	the guarantees provided by the Subsidiary Guarantors in respect of the Securities
“Subsidiary Guarantors”	certain existing non-PRC subsidiaries of the Company that on the issue date of the Securities will provide guarantees for the Securities
“Trust Deed”	the written agreement dated on or about the on or about the Issue Date entered into between the Company, the Subsidiary Guarantors and Citicorp International Limited as trustee, that specifies the terms and conditions of the Securities
“UK”	the United Kingdom
“United States”	the United States of America
“US\$”	United States dollar(s), the lawful currency of the United States
“%”	per cent

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

Hong Kong, 27 January 2022

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. Zhong Huihong; 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.