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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: 03380)

CONNECTED TRANSACTION

ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF PAK SAN BAY INVESTMENTS COMPANY LIMITED

THE ACQUISITION

On 5 December 2016, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with Honk Jee Loong and the Guarantor pursuant to which the Purchaser has agreed to acquire the Sale Share, representing the entire issued share capital of the Target Company, from Honk Jee Loong at a consideration of approximately RMB494.0 million (equivalent to approximately HK\$555.6 million). As at the date of this announcement, the Target Company holds 75% interests in the Project Company.

Upon completion of the Acquisition, each of the members of the Target Group will become a wholly-owned subsidiary of the Company, the Project Company will become a non wholly-owned subsidiary of the Company and the accounts of each of the members of the Target Group and the Project Company will be consolidated with the accounts of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Target Company is wholly-owned by Honk Jee Loong, which is in turn indirectly wholly-owned by Mr. Yao. As Mr. Yao is a brother-in-law of Mr. Kei, an executive Director, and an uncle of Ms. Kei, a non-executive Director, and a brother-in-law of Mr. Ji Jiande, an executive Director, each of Mr. Yao and Honk Jee Loong is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Acquisition contemplated under the Agreement constitutes a connected transaction for the Company. As one or more of the applicable percentage ratios in respect of the Acquisition are over 0.1% but less than 5%, the Acquisition contemplated under the Agreement is subject to the reporting and announcement requirements and are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE ACQUISITION

The Agreement

Date: 5 December 2016

- (1) Purchaser: Jolly Gain Investments Limited (樂盈投資有限公司), a wholly-owned subsidiary of the Company
- (2) Vendor: Honk Jee Loong Holdings Company Limited (鴻駿隆控股有限公司)
- (3) Guarantor: Mr. Yao

As at the date of this announcement, Honk Jee Loong is a company wholly-owned by Mr. Yao, a brother-in-law of each of Mr. Kei and Mr. Ji Jiande, and an uncle of Ms. Kei. Accordingly, each of Honk Hee Loong and Mr. Yao is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

Subject Matter

Pursuant to the Agreement, the Purchaser has conditionally agreed to purchase, and Honk Jee Loong has conditionally agreed to sell the Sale Share, which represent the entire issued share capital of the Target Company, at the consideration of RMB494,000,000 (equivalent to approximately HK\$555,618,040), which was determined by the Purchaser and Honk Jee Loong after arm's length negotiations with reference to (i) the Target Company's attributable interest in the Project Company; and (ii) the net asset value of the Project Company of RMB658.8 million (equivalent to approximately HK\$741.0 million) as at 31 October 2016.

The original acquisition cost of the Sale Share to Honk Jee Loong was HK\$91,000,000.

Consideration

The consideration for the Acquisition will be payable by the Group through its internal resources in accordance with the following schedule:

- (a) a sum of RMB98,800,000 (equivalent to approximately HK\$111,123,608) will be payable by the Purchaser to Honk Jee Loong within 90 days from the completion of the Acquisition; and
- (b) the balance of the consideration, equivalent to RMB395,200,000 (equivalent to approximately HK\$444,494,433), will be payable by the Purchaser within six months from the completion of the Acquisition.

Conditions

Completion of the Acquisition is conditional upon:

- (a) the Purchaser being satisfied with the due diligence results of the business, financial and legal affairs of each of the members of the Target Group and the Project Company;

- (b) the representations and warranties set out in the Agreement being true, accurate and not misleading in all respects;
- (c) the Purchaser not having identified or being aware of any unusual operation, major safety incidents or material adverse change in respect of the business, assets and operation of any member of the Target Group and the Project Company or material risk not having been disclosed;
- (d) the Guarantor having fulfilled his obligations under the Agreement on or before completion of the Acquisition; and
- (e) there not being any necessary governmental order, law, regulation or decree which prohibit, limit or practically delay the transactions contemplated under the Agreement.

If the conditions specified in the Agreement are not fulfilled or waived on or before 31 December 2016 or such later date as the parties may otherwise agree, the Purchaser has the right to determine the Agreement to become null and void and cease to have any effect whatsoever, save for any antecedent breach.

Completion of the Acquisition

Completion of the Acquisition shall take place no later than the third business day (or at such other time as the parties may otherwise agree) after the conditions to the Agreement have been fulfilled or waived.

INFORMATION ON HONK JEE LOONG, THE TARGET COMPANY, THE PROJECT COMPANY AND THE PROPERTY PROJECT

Honk Jee Loong is an investment holding company incorporated in Cayman Islands and is wholly-owned by Mr. Yao. As at the date of this announcement, Honk Jee Loong owned the entire issued share capital of the Target Company.

The Target Company is an investment holding company incorporated in the BVI and owns the entire issued share capital of Pak San Bay (Hong Kong), which in turn holds 75% interests in the Project Company.

The Project Company is a company established in the PRC, principally engaged in property development business in the PRC. As at the date of this announcement, the Project Company is directly held as to 75% by Pak San Bay (Hong Kong) and as to 25% by Great Paramount Capital (Hong Kong) Limited, an independent third party to the Company. The Project Company is principally engaged in the development and operation of the Property Project.

The Property Project is located at Pak San Bay Holiday Resort, Haojiang District, Shantou (汕頭), Guangdong Province of the PRC, with a site area of approximately 310,273 square meters and a total gross floor area of approximately 394,487 square meters. It consists of 16 parcels of land. It has a plot ratio from 0.2 to 2.0 and a greening rate from 35% to 50%. The properties consist of multi-storey townhouses, high-rise residential flats, apartments and commercial buildings. The Property Project is intended to be developed into residential projects.

The consolidated net asset value of the Target Group as at 31 December 2015 was approximately RMB77.8 million. The financial results of the Target Group for the two years immediately preceding the date of the Acquisition are as follows:

	For the year ended	
	31 December	
	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net loss before tax	9,004.1	17,410.6
Net loss after tax	9,004.1	17,410.6

The net asset value of the Project Company as at 31 December 2015 was approximately RMB77.8 million. The financial results of the Project Company for the two years immediately preceding the date of the Acquisition are as follows:

	For the year ended	
	31 December	
	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net loss before tax	9,004.1	17,410.6
Net loss after tax	9,004.1	17,410.6

Upon completion of the Acquisition, each of the members of the Target Group will become a wholly-owned subsidiary of the Company, the Project Company will become a non wholly-owned subsidiary of the Company and the accounts of each of the members of the Target Group and the Project Company will be consolidated with the accounts of the Company.

REASONS FOR THE ACQUISITION

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

The Company considers that the Acquisition are in the interest of the Company which enables the Group to further expand its geographic coverage into Guangdong Province of the PRC as the location and nature of the Property Project is aligned with the Group's business focus.

Given that the consideration for the Acquisition was determined upon arm's length negotiations among the parties, the Directors (excluding Mr. Kei, Mr. Ji Jiande and Ms. Kei who have abstained from voting at the meeting of Board approving the Acquisition) consider that the Agreement was entered into under normal commercial terms and the terms of the Agreement and the Acquisition contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Kei, Mr. Ji Jiande and Ms. Kei, no Director has a material interest in the Agreement and is required to abstain from voting at the meeting of the Board approving the Agreement and the Acquisition contemplated thereunder. Mr. Kei, Mr. Ji Jiande and Ms. Kei have abstained from voting in the meeting of the Board approving the Acquisition.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Target Company is wholly-owned by Honk Jee Loong, which is in turn indirectly wholly-owned by Mr. Yao. As Mr. Yao is a brother-in-law of Mr. Kei, an executive Director, and an uncle of Ms. Kei, a non-executive Director, and a brother-in-law of Mr. Ji Jiande, an executive Director, each of Mr. Yao and Honk Jee Loong is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Acquisition contemplated under the Agreement constitutes a connected transaction for the Company. As one or more of the applicable percentage ratios in respect of the Acquisition is over 0.1% but less than 5%, the Acquisition contemplated under the Agreement are subject to the reporting and announcement requirements and are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share pursuant to the Agreement;
“Agreement”	the sale and purchase agreement dated 5 December 2016 entered into between the Purchaser, Honk Jee Loong and the Guarantor in relation to the purchase of the Sale Share from Honk Jee Loong;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“BVI”	the British Virgin Islands;
“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”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Honk Jee Loong”	Honk Jee Loong Holdings Company Limited (鴻駿隆控股有限公司), a company incorporated in the Cayman Islands which is wholly-owned by Mr. Yao as at the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Kei”	Mr. Kei Hoi Pang, an executive director and a controlling shareholder of the Company;
“Mr. Yao” or “Guarantor”	Mr. Yao Yaojia (姚耀加), a brother-in-law of Mr. Kei, an uncle of Ms. Kei and a brother-in-law of Mr. Ji Jiande, and a connected person of the Company;
“Ms. Kei”	Ms. Kei Perenna Hoi Ting, a non-executive Director and daughter of Mr. Kei;
“Pak San Bay (Hong Kong)”	Pak San Bay (Hong Kong) Investments Company Limited (北山灣(香港)投資有限公司), a company incorporated in Hong Kong and wholly-owned by the Target Company as at the date of this announcement;
“PRC”	the People’s Republic of China;
“Project Company”	Shantou Weida Real Estate Company Limited* (汕頭市偉達房地產有限公司), a company established under the laws of the PRC, which is owned as to 75% by Pak San Bay (Hong Kong) and as to 25% by Great Paramount Capital (Hong Kong) Limited;
“Property Project”	a property project located at Pak San Bay Holiday Resort Haojiang District, Shantou (汕頭), Guangdong Province of the PRC, with a total site area of approximately 310,273 square meters;
“Purchaser”	Jolly Gain Investments Limited (樂盈投資有限公司), a company incorporated in the BVI and a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;

“Sale Share”	one share of US\$1.00 each in the Target Company, representing the entire issued share capital of the Target Company immediately before the completion of the Acquisition;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Pak San Bay Investments Company Limited (北山灣投資有限公司), a company incorporated in the BVI and indirectly wholly-owned by Mr. Yao as at the date of this announcement;
“Target Group”	collectively, the Target Company and Pak San Bay (Hong Kong); and
“US\$”	United States dollar, the lawful currency of the United States of America.

Unless otherwise specified in this announcement, translations of RMB into HK\$ are made in this announcement, for illustration only, at the rate of RMB0.8891 to HK\$1. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rate or at all.

* For identification purposes only

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

Hong Kong, 5 December 2016

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.