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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)

DISCLOSEABLE AND EXEMPTED CONNECTED TRANSACTION

ACQUISITION OF 28.6% EQUITY INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY

THE ACQUISITION

Reference is made to the announcement of the Company dated 5 September 2017 in relation to the Previous Acquisition.

On 27 April 2018, Shenzhen Logan Property exercised its first right to acquire the remaining 28.6% equity interest in Shenzhen Logan Junjing.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition (individually or aggregated with the Previous Acquisition) exceeds 5% but are less than 25%, the Acquisition (individually or aggregated with the Previous Acquisition) 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, prior to completion of the Acquisition, Pingan Dahua is a substantial shareholder of Shenzhen Logan Junjing, 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. Accordingly, the Acquisition also constitutes a connected transaction of the Company.

As (i) Pingan Dahua is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Acquisition; and (iii) the independent non-executive Directors have confirmed that the Acquisition 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, the Acquisition is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

BACKGROUND

Shenzhen Logan Junjing was a wholly-owned subsidiary of the Company established on 16 July 2015.

In early September 2015, the Company and Pingan Dahua agreed to convert Shenzhen Logan Junjin into a joint venture to bid for the land parcel, namely Shenzhen 2015 no. A811-0319, in the public auction. On 23 September 2015, Shenzhen Logan Junjing secured the land parcel in the public auction.

Since September 2015, Pingan Dahua was a 49% shareholder through its capital contribution of RMB4.8 billion to Shenzhen Logan Junjing.

As part of the transaction in relation to the capital contribution by Pingan Dahua, 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 Logan Junjing.

On 5 September 2017, Shenzhen Logan Property exercised its first right to acquire 20.4% equity interest in Shenzhen Logan Junjing. Upon completion of such acquisition, Shenzhen Logan Junjing is held as to 71.4% by Shenzhen Logan Property and as to 28.6% by Pingan Dahua.

THE ACQUISITION

On 27 April 2018, Shenzhen Logan Property exercised its first right to acquire the remaining 28.6% equity interest in Shenzhen Logan Junjing. The principle terms of the Acquisition are set out below.

Consideration

The consideration for the Acquisition was RMB2,821,777,800. 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 Logan Junjing as at 31 December 2017; (ii) the initial capital contribution made by Pingan Dahua; and (iii) the business prospects of Shenzhen Logan Junjing.

Completion

Completion of the Acquisition will take place on 4 May 2018.

Immediately before completion of the Acquisition, Shenzhen Logan Junjing is held as to 71.4% by Shenzhen Logan Property and as to 28.6% by Pingan Dahua. It is a non-wholly owned subsidiary of the Company with its financial results consolidated into the financial results of the Group.

Upon completion of the Acquisition, Shenzhen Logan Junjing will be held as to 100% by Shenzhen Logan Property, and will become a wholly-owned subsidiary of the Company.

Information relating to Shenzhen Logan Junjing

Shenzhen Logan Junjing owns the land use right to a land parcel, namely Shenzhen 2015 no. A811-0319. It is principally engaged in the development and sale of the Logan Carat Complex project located on the Hongshan subway station in Longhua New District, Shenzhen. The land has a total site area of 87,045 square metres and a GFA of 783,113 square metres. As at the date of this announcement, the Logan Carat Complex project is under construction and commenced pre-sale in April 2017.

The financial information of Shenzhen Logan Junjing for the two financial years ended 31 December 2017 is set out below:

	For the year ended	
	31 December	
	2016	2017
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Profit before tax	(37,672)	(154,914)
Profit after tax	(37,672)	(154,914)

As at 31 December 2017, the net asset value of Shenzhen Logan Junjing was RMB9,606.0 million.

Reason and benefits for the Acquisition

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

The capital contribution made by Pingan Dahua was applied to fund the development of the Logan Carat Complex project. Shenzhen Logan Property resolved to exercise its first right of repurchase and to acquire the remaining 28.6% equity interest in Shenzhen Logan Junjing held by Pingan Dahua in order to maximize the overall return of the Shareholders.

Following completion of the Acquisition, Shenzhen Logan Junjing will become a wholly-owned subsidiary of the Company and the Group will hence be able to fully enjoy the benefits arising from the future growth and success of the Logan Carat Complex project. The Directors (including the independent non-executive Directors) are of the view that the Acquisition 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.

None of the Directors has a material interest in the Acquisition and was required to abstain from voting from the Board resolutions for considering and approving the Acquisition.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition (individually or aggregated with the Previous Acquisition) exceeds 5% but are less than 25%, the Acquisition (individually or aggregated with the Previous Acquisition) 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, prior to completion of the Acquisition, Pingan Dahua is a substantial shareholder of Shenzhen Logan Junjing, 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. Accordingly, the Acquisition also constitutes a connected transaction of the Company.

As (i) Pingan Dahua is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Acquisition; and (iii) the independent non-executive Directors have confirmed that the Acquisition 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, the Acquisition is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

INFORMATION ON THE PARTIES

The Group is principally engaged in property development, property investment and property construction 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 the 28.6% equity interest in Shenzhen Logan Junjing by Shenzhen Logan Property
“Board”	the board of the Company
“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
“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
“Previous Acquisition”	the acquisition of the 20.4% equity interest in Shenzhen Logan Junjing by Shenzhen Logan Property on 5 September 2017
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company

“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
“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, 27 April 2018

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, Dr. Liu Ka Ying, Rebecca and Mr. Cai Suisheng.