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HD Developer seeks cash for \$850m China venture

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LP A SINGAPORE company hoping to undertake an \$850 million industrial precinct in eastern China will today find out if it has won enough support from investors to list a company that will hold the project's development rights on the Australian Securities Exchange.

Lian Huat Group is proposing an Australian listing for the development subsidiary, LionHub, aiming to raise \$12m by selling 60 million shares for 20c each. The offer is not underwritten.

^{TD} The plans, foreshadowed by The Australian in February, are part of an audacious bid to develop a 2.2sq km site in China's Anhui province.

At the time, Lian Huat Group executive chairman Kho Choon Keng said that by listing in Australia the company hoped to tap into “the large reservoir of Chinese Australians and permanent residents from China in Australia for capital raising”.

The new company's sole asset will be the development rights to the land, worth \$12m, the regional government separately pursuing plans to sell off land parcels to groups including LionHub.

The land could, however, essentially come free to LionHub, as the province's Regional Development Council has signed an agreement to give the company a rebate on the price paid for the purchases.

The end value of the entire project is estimated to be about \$850m. LionHub chairwoman Jamie Khoo said yesterday that the unique nature of property development in China would make construction of the project possible without needing to raise large amounts of funds at the outset.

"Buyers need to put forward 100 per cent of the price before construction, and the developers can use this to develop the land." "This is why companies go to developers they can trust, based on the heritage of the company," she said, pointing to Lian Huat's extensive property holdings in Singapore and Australia, where it has a \$45m portfolio.

LionHub hopes to acquire the first parcel of land, comprising around 150,000sq m, by the end of the year, in a deal worth between \$2m and \$5m.

Ms Khoo said the development would be attractive because it was 200km from Shanghai and close to other big cities.

She said the company was hoping to attract businesses in the high-growth logistics sector, which is benefiting from booming e-commerce. Anhui province has a history of political and social unrest because of acquisitions forcing farmers and villagers from their land.

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