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恒隆地產有限公司
HANG LUNG PROPERTIES LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 00101)

CONNECTED TRANSACTION

The Board announces that on 18 November 2017, the Purchaser, being a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Seller, a wholly-owned subsidiary of HLG, to acquire (i) the entire issued share capital of Wentworth; and (ii) the aggregate amount of shareholder's loan owed by Wentworth Group to the Seller on a dollar-for-dollar basis, at the total Consideration of HK\$224,905,351. Completion shall take place on 20 November 2017.

Wentworth is the indirect owner of 4 workshops on Amoycan Industrial Centre, Block 1.

As HLG is the holding company of the Company, the Acquisition constitutes a connected transaction for the Company which is subject to the reporting and announcement requirements set out under Chapter 14A of the Listing Rules, and is exempt from the approval by the independent shareholders of the Company.

THE SALE AND PURCHASE AGREEMENT

- Date** : 18 November 2017
- Parties** : 1. The Seller, a wholly-owned subsidiary of HLG; and
2. The Purchaser, a wholly-owned subsidiary of the Company.
- Assets being acquired by the Purchaser** : The Seller agreed to sell and the Purchaser agreed to purchase:
1. the Sale Share, representing the entire issued share capital of Wentworth; and
2. the aggregate amount of the Sale Loan owed by Wentworth Group to the Seller in an aggregate sum of HK\$40,824,904.

Wentworth, through its wholly-owned subsidiary, beneficially holds the entire interest in the Property which comprises four workshops on Amoycan Industrial Centre, Block 1.

Consideration : The Consideration shall be the sum of HK\$224,905,351 which shall be paid by the Purchaser to the Seller on Completion in cash and apportioned in the following manner:

(a) HK\$40,824,904 being an amount equivalent to the face value of the total outstanding amount of the Sale Loan as at Completion; and

(b) HK\$184,080,447 as the consideration for the Sale Share.

The Consideration was determined by the Purchaser and the Seller on an arm's length basis with reference to (i) the net asset value of Wentworth Group as at the date of Completion; (ii) an appraised value of the Property as at 15 September 2017 of HK\$224,828,811 valued by an independent professional valuer; and (iii) the aggregate face value of the Sale Loan.

Completion : Completion shall take place on 20 November 2017.

INFORMATION REGARDING WENTWORTH AND THE PROPERTY

Wentworth is a limited company incorporated in the British Virgin Islands and the sole owner of the Property held through its wholly-owned subsidiary. Its principal business is investment holding, with the Property as its major asset.

The Property is located at Amoycan Industrial Centre, Block 1. The total gross floor area of the Property is approximately 2,000 square meters. Set out below is the unaudited financial information of Wentworth Group for the two years ended 31 December 2015 and 2016:

For the year ended 31 December

	2015	2016
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net profit / (loss) before taxation and extraordinary items	2.5	(0.6)
Net profit / (loss) after taxation and extraordinary items	2.3	(0.6)

The unaudited net asset value of Wentworth Group as at 15 November 2017 was approximately HK\$184,000,000.

The Property was acquired by Wentworth Group at a consideration of approximately HK\$34,000,000 in 1990. As at 15 November 2017, the unaudited book value of the Property in the accounts of Wentworth Group was HK\$224,828,811.

Upon completion of the Acquisition, Wentworth will become an indirect wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors are of the view that the Acquisition will allow the Group to consolidate its ownership of Amoycan Industrial Centre in the Company, which is the primary property arm in the Hang Lung group.

The Directors (including the Independent Non-Executive Directors) are of the view that the terms of the Acquisition are on normal commercial terms and are fair and reasonable, and in the interest of the Company and its shareholders as a whole.

Mr. Ronnie C. CHAN, Mr. Philip N.L. CHEN, Mr. H.C. HO and Mr. Adriel W. CHAN, the Executive Directors, are also the executive directors of HLG. As a matter of good corporate governance and to avoid any appearance of conflict of interests, each of them has abstained from voting on the resolutions in relation to the Acquisition. Save as disclosed above, none of the Directors had any material interest in the transactions nor was any of them required to abstain from voting on the resolutions which have been passed by the Board approving the Acquisition.

INFORMATION REGARDING THE SELLER, THE PURCHASER AND HLG

The Seller is a company wholly and beneficially owned by HLG. Its principal business is investment holding.

The Purchaser is a company wholly and beneficially owned by the Company. Its principal business is investment holding.

HLG is a company listed on the Stock Exchange and has been involved in property development in Hong Kong for more than 50 years. HLG is the holding company of the Company.

LISTING RULES IMPLICATIONS

The Seller is wholly-owned by HLG, the holding company of the Company. Accordingly, the Seller is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under the Listing Rules.

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements set out under Chapter 14A of the Listing Rules, and is exempt from the approval by the independent shareholders of the Company.

GENERAL

The Company is the property arm of its holding company, HLG, being one of the largest property development and investment companies in Hong Kong in terms of its market capitalization. The principal activities of the Company are investment holding, and through its subsidiaries, property investment for rental income, property development for sales and leasing, car park management and property management, both in Hong Kong and the PRC.

DEFINITIONS

“Acquisition”	the transactions contemplated under the Sale and Purchase Agreement
“Board”	the board of directors of the Company
“Company”	Hang Lung Properties Limited, a company incorporated in Hong Kong with limited liability whose issued shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected person”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration paid by the Purchaser to the Seller for the Acquisition upon Completion
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HLG”	Hang Lung Group Limited, a company incorporated in Hong Kong with limited liability whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 00010), and a holding company of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	Workshop “B” on 4/F., workshop “B” on 5/F., workshops “A” and “B” on 6/F., Amoyan Industrial Centre, Block 1, New Kowloon Inland Lot No. 1744
“Purchaser”	Newhart Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 18 November 2017 entered into between the Purchaser and the Seller
“Sale Loan”	the shareholder’s loan owed by Wentworth Group to the Seller in the aggregate sum of HK\$40,824,904
“Sale Share”	the entire issued share capital of Wentworth
“Seller”	Atlas Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of HLG

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wentworth”	Wentworth Limited, a company incorporated in the British Virgin Islands with limited liability
“Wentworth Group”	Wentworth and its subsidiary

By Order of the Board of
Hang Lung Properties Limited
Margaret Ka Man YAN
Company Secretary

Hong Kong, 20 November 2017

As at the date of this announcement, the Board of the Company comprises the following directors:
Executive Directors: Mr. Ronnie C. CHAN, Mr. Philip N.L. CHEN, Mr. H.C. HO and Mr. Adriel W. CHAN
Independent Non-Executive Directors: Mr. Ronald J. ARCULLI, Mr. Dominic C.F. HO, Mr. Nelson W.L. YUEN, Dr. Andrew K.C. CHAN, Prof. H.K. CHANG and Ms. Anita Y.M. FUNG