

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



WHARF

Established 1886

THE WHARF (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 4)

ANNOUNCEMENT CONNECTED TRANSACTION

The board of Directors wishes to announce that on 17 December 2019, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, an indirect wholly-owned subsidiary of Wheelock, to acquire the entire issued share capital in the Target Company at a consideration of HK\$1,362.1 million.

The Target Company is an investment holding company, and the sole asset it holds (through its wholly-owned subsidiary) is 100% legal and beneficial interest in Fuyang Project, which is a residential development situated in Fuyang, Hangzhou, China.

The Company is owned as to 69.3% by Wheelock and the Vendor is an indirect wholly-owned subsidiary of Wheelock. As a result, the Vendor is regarded as a connected person of the Company, and the Transaction constitutes a connected transaction for the Company (but not for Wheelock), under Chapter 14A of the Listing Rules. The Transaction, given its size or value, is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The board of Directors wishes to announce that on 17 December 2019, Wharf China Development (0004) Limited (an indirect wholly-owned subsidiary of the Company) as the purchaser entered into a Sale and Purchase Agreement with Palm Valley Properties Pte. Ltd. (an indirect wholly-owned subsidiary of Wheelock) as the vendor, for acquisition of the Sale Shares.

THE SALE AND PURCHASE AGREEMENT

Date: 17 December 2019

Parties: Palm Valley Properties Pte. Ltd. (an indirect wholly-owned subsidiary of Wheelock) as the vendor

Wharf China Development (0004) Limited (an indirect wholly-owned subsidiary of the Company) as the purchaser

Assets Involved:

The Sale Shares, i.e. 1,459,380,000 shares of the Target Company, representing the entire issued share capital of the Target Company.

Underlying Assets/ Projects:

The sole asset that the Target Company holds (through its wholly-owned subsidiary) is the 100% legal and beneficial interest in the Fuyang Project, 雍景山, which is a residential development situated in Fuyang, Hangzhou, China, comprising villas, townhouses, duplexes and apartments on a site area of 298,288 square metres, having uncompleted and completed property stock of a total GFA of approximately 328,436 square metres, subject to final measurement. The development site was originally acquired by the Target Company's subsidiary in February 2011 at the cost of RMB1,437.3 million for the full site, with earlier phases having been completed and recognised already.

Consideration and Payment Terms:

The Transaction was negotiated on an arm's length basis. The Consideration for the Sale Shares is HK\$1,362.1 million, which was determined by reference to the consolidated net asset value of the Target Company as at 17 December 2019 (with the value of the Fuyang Project restated at RMB1,222.6 million (equivalent to approximately HK\$1,361.5 million) taking into account the value of, among others, its unsold property stock appraised at RMB738.5 million (equivalent to approximately HK\$822.4 million) in an independent professional valuation as at 16 December 2019).

The Consideration will be payable in full in cash at Completion. The Group will pay the Consideration by using its internal resources and borrowings.

Conditions:

Completion is conditional on the following conditions being satisfied, or waived by the Purchaser (as the case may be), on or before the date of Completion:

- (a) all necessary consents, licences and approvals required to be obtained by the Vendor and the Target Company for the implementation of all transactions contemplated under the Sale and Purchase Agreement having been obtained and remain in full force and effect at Completion;
- (b) all necessary consents, licences and approvals required to be obtained by the Purchaser for the implementation of all transactions contemplated under the Sale and Purchase Agreement having been obtained and remain in full force and effect at

Completion; and

- (c) no event having occurred since the date of the Sale and Purchase Agreement and up to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Target Company.

The Purchaser may at any time waive the condition in (c) above in whole or in part and on such terms as it may decide. If any of the conditions above are not fulfilled or waived (as the case may be) within seven days after the date of the Sale and Purchase Agreement (or such other date as mutually agreed by the Vendor and the Purchaser), all rights and obligations of the parties to the Sale and Purchase Agreement shall cease and terminate and no party shall have any claim against the other.

Completion:

Under the Sale and Purchase Agreement, Completion shall take place within seven days after the date of the Sale and Purchase Agreement, or such other date as mutually agreed by the Vendor and the Purchaser.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company duly incorporated under the laws of Hong Kong on 16 November 2010. As at the date of this announcement, the Target Company has an issued share capital of HK\$1,459,380,000.00 divided into 1,459,380,000 shares, fully paid up, which represents the Sale Shares to be sold to the Purchaser under the Sale and Purchase Agreement.

The Target Company is an investment holding company, and the sole asset it holds is 100% legal and beneficial interest in the Fuyang Project.

The key financial information of the Target Company based on its consolidated financial statements for each of the two years ended 31 December 2017 and 31 December 2018 is set out below:

	For the year ended 31 December	
	2017	2018
	<i>HK\$</i>	<i>HK\$</i>
Profit before tax	24.4 million	0.8 million
Profit after tax	24.4 million	0.8 million

The consolidated net asset value of the Target Company as at the date of the Sale and Purchase Agreement (i.e. 17 December 2019) was HK\$1,362.1 million (with the value of the Fuyang Project restated at RMB1,222.6 million (equivalent to approximately HK\$1,361.5 million) taking into account the value of, among others, its unsold property stock appraised at RMB738.5 million (equivalent to approximately HK\$822.4 million) in an independent professional valuation as at 16 December 2019).

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Board believes that the Transaction is a worthwhile investment to augment the Group's existing land bank of Mainland development properties. It will broaden the asset and earnings base of the Group and will be beneficial to the Company.

REGULATORY ASPECTS

The Company is owned as to 69.3% by Wheelock and the Vendor is an indirect wholly-owned subsidiary of Wheelock. As a result, the Vendor is regarded as a connected person of the Company, and the Transaction constitutes a connected transaction for the Company (but not for Wheelock) under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios for the purposes of Rule 14.07 of the Listing Rules in respect of the Transaction is/are greater than 0.1% whilst all such ratios are below 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

The principal business activities of the Group are investment properties and development properties in Hong Kong and Mainland China, hotels ownership and management, and logistics.

The principal business activities of Wheelock, together with its subsidiaries, are ownership of properties for development and letting, investment holding and container terminals.

The principal business activities of the Purchaser and the Vendor are investment holding.

The Directors (except two Directors who abstained from participating in the approval of the relevant resolutions of the Board, namely, Mr. Stephen T. H. Ng and Mr. Paul Y. C. Tsui, who are considered as having a conflict of interest in the Transaction by reason of their directorship and certain interests held in Wheelock; no other Director has any material interest in the Transaction), including the Independent Non-executive Directors of the Company, are of the view that the Transaction is on normal commercial terms with reference to the prevailing market conditions after due negotiations on an arm's length basis and is in the ordinary and usual course of business of the Group, and believe that the terms of the Transaction are fair and reasonable and in the interests of the Company and its shareholders as a whole.

TERMS USED IN THIS ANNOUNCEMENT

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:-

“Board”	board of directors of the Company
“China” or “Mainland China” or “Mainland”	the People's Republic of China
“Company”	The Wharf (Holdings) Limited (stock code: 4), a company owned as to 69.3% by Wheelock and

	incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Transaction in accordance with the terms of the Sale and Purchase Agreement
“connected person”	shall have the same meaning ascribed to it under the Listing Rules
“Consideration”	the sum of HK\$1,362.1 million, being the consideration for the acquisition of the Sale Shares
“Director(s)”	director(s) of the Company for the time being
“Fuyang Project”	雍景山, a residential development situated at Fuyang, Hangzhou, China, comprising villas, townhouses, duplexes and apartments on a site area of 298,288 square metres
“GFA”	gross floor area
“Group”	the Company together with 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Wharf China Development (0004) Limited, a company incorporated in the British Virgin Islands with limited liability, and is an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency in Mainland China
“Sale and Purchase Agreement”	a sale and purchase agreement dated 17 December 2019 entered into between the Vendor and the Purchaser in relation to the Transaction
“Sale Shares”	1,459,380,000 shares of the Target Company, representing 100% of the issued share capital of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Gold Unicorn Holdings Limited, a company incorporated in Hong Kong
“Transaction”	the acquisition by the Purchaser of the entire issued share capital of the Target Company (being the Sale Shares) from the Vendor pursuant to the Sale and Purchase Agreement
“Vendor”	Palm Valley Properties Pte. Ltd., a company incorporated in the Republic of Singapore with limited liability, and is an indirect wholly-owned subsidiary of Wheelock
“Wheelock”	Wheelock and Company Limited (stock code: 20), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“%”	per cent.

Unless otherwise specified in this announcement, amounts denominated in Renminbi have been converted into Hong Kong dollars at the rate of HK\$1.1136 = RMB1.00. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

By order of the Board of
THE WHARF (HOLDINGS) LIMITED
Kevin C. Y. Hui
Company Secretary

Hong Kong, 17 December 2019

As at the date of this announcement, the Board comprises Mr. Stephen T. H. Ng, Mr. Andrew O. K. Chow, Ms. Doreen Y. F. Lee, Mr. Paul Y. C. Tsui and Mr. Kevin K. P. Chan, together with five Independent Non-executive Directors, namely, Professor Edward K. Y. Chen, Mr. Vincent K. Fang, Mr. Hans Michael Jebsen, Ms. Elizabeth Law and Mr. David Muir Turnbull.