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新鴻基地產發展有限公司

Sun Hung Kai Properties Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code : 16)

VOLUNTARY ANNOUNCEMENT DISPOSAL OF 25% INTEREST IN VIVID SYNERGY LIMITED

This is a voluntary announcement made by the Company.

On 29 April 2020, the Group entered into the Sale Agreement to sell a 25% interest in the Target Company (which is currently a 75% owned subsidiary of the Company) to the Purchaser (which is a wholly-owned subsidiary of Ping An Life) for the purchase price of HK\$9,394,484,806.13 plus reimbursement of certain costs of funding of the purchase price and of the project costs of the office portion of the project on the Land.

The Target Company effectively enjoys all economic rights and benefits, and is effectively responsible for all obligations and liabilities, in relation to the ownership, development and operation of only the office towers to be erected on the Land.

The Company (through its wholly-owned subsidiaries) solely and effectively enjoys all economic rights and benefits, and is solely and effectively responsible for all obligations and liabilities, in relation to the ownership, development and operation of the commercial/retail portion to be erected on the Land.

This is a voluntary announcement made by the Company.

THE SALE AGREEMENT

On 29 April 2020, the Group entered into the Sale Agreement to sell a 25% interest in the Target Company (which is currently a 75% owned subsidiary of the Company) to the Purchaser (which is a wholly-owned subsidiary of Ping An Life) for the purchase price of HK\$9,394,484,806.13 plus reimbursement of certain costs of funding of the purchase price and of the project costs of the office portion of the project on the Land. The purchase price and the costs of funding therefor are payable in stages on or before Completion. Subject to fulfilment or waiver of certain conditions precedent which are customary for transactions of this nature, Completion is to take place between 30 June 2020 and 30 December 2020 as elected by the Purchaser. The agreed proportionate amount of the costs of funding of the project costs of the office portion are to be reimbursed by the Purchaser shortly after Completion.

At Completion, a development agreement in relation to the development of the Land and shareholders' agreements in relation to the businesses of the Target Company and of the holding company of the registered owners of the Land will be respectively entered into by, among others, the registered owners of the Land, the shareholders of the Target Company and the shareholders of the holding company of the registered owners of the Land.

The consideration for the disposal was arrived at after arm's length negotiations between the parties and represents the Group's original cost of investment plus funding costs incurred by the Group. Accordingly, the Group expects any gain or loss arising from the disposal to be negligible.

INFORMATION ON THE TARGET COMPANY

As stated in the announcement of the Company dated 27 November 2019, the Group successfully tendered for the grant by the Government of Hong Kong of the Land situated at the junction of Lin Cheung Road and Austin Road West, Kowloon, Hong Kong.

The development on the Land will comprise, among others, a commercial/retail portion and an office portion, including their respective designated parking spaces and ancillary accommodation and facilities. The gross floor area of the office portion is currently intended to be approximately 261,600 square metres.

Max Century is one of the two registered owners of the Land. The Target Company, being a 75% owned subsidiary of the Company before Completion, through its direct and indirect interests in and contractual arrangements with various companies (including Max Century), effectively enjoys all economic rights and benefits, and is effectively responsible for all obligations and liabilities, in relation to the ownership, development and operation of only the office towers to be erected on the Land and to be owned by Max Century.

A wholly-owned subsidiary of the Company, through its direct and indirect interests in and contractual arrangements with various companies (including the other registered owner of the Land), solely and effectively enjoys all economic rights and benefits, and is solely and effectively responsible for all obligations and liabilities, in relation to the ownership, development and operation of the commercial/retail portion to be erected on the Land and to be owned by the other registered owner of the Land.

The Company has been informed by the Purchaser that the Purchaser has also separately negotiated the purchase from Somerpath of a 5% interest in the Target Company for the purchase price of HK\$1,878,896,961.22 plus reimbursement of the costs of funding therefor on the same basis as that under the Sale Agreement, with such purchase to be completed on the date of Completion. Upon Completion and completion of the sale by Somerpath, the Target Company will be owned by the Group, the Purchaser and Somerpath as to 50%, 30% and 20% respectively, and will cease to be a subsidiary of the Company.

INFORMATION ON THE PURCHASER

The Purchaser is an investment holding company and a wholly-owned subsidiary of Ping An Life.

REASONS FOR AND BENEFITS OF THE SALE AGREEMENT

The Land is situated in a strategic location in the West Kowloon District on and adjoining the high speed railway Hong Kong West Kowloon Station which connects to all major cities in Mainland China through the high speed railway network of China. Apart from the high speed rail, the Land has direct access to 3 railway lines, namely, the MTR West Rail Line, the Tung Chung Line and the Airport Express Line forming a transportation hub in the Greater Bay Area. The development on the Land will enable the Group to achieve scale, and generate excellent synergy with the closeby International Commerce Centre, which include two five-star hotels, and top quality offices and retail development.

As stated in the announcements of the Company dated 27 November 2019, 16 December 2019 and 27 February 2020, the Group intends to invite other long term strategic investors to participate in undertaking this landmark project in relation to the Land and, on 16 December 2019, the Kwok Family Companies became the first strategic partners of the Group to participate in the development of, and investment in, the office towers to be erected on the Land.

Ping An Life is a leading and highly reputable life insurance company in China with a strong financial position. The Company has been informed by the Purchaser that this is an investment of Ping An Life in relation to the proposed Ping An group headquarters in Hong Kong.

Ping An Life also shares the same vision as the Group in that both have the intention of holding this landmark project as a long term investment. This makes Ping An Life another suitable long term strategic partner of the Group for this project. The Group will benefit from the pooling of the expertise, resources and strength of the strategic partners together to undertake the joint development of, and investment in, the office towers to be erected on the Land.

The presence of major strategic investors for the project should act as a catalyst in attracting more multi-national corporations and leading financial institutions to move their operations to this landmark project, hence further strengthening the reputation and market position of this project and that of International Commerce Centre as a key business and finance hub both in Hong Kong and the Greater Bay Area.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“BVI”	the British Virgin Islands
“Company”	Sun Hung Kai Properties Limited 新鴻基地產發展有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 16)
“Completion”	completion of the Sale Agreement
“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
“Kwok Family Companies”	Adolfa Limited, Bertana Limited and Cyric Limited, each of which is a company incorporated in the BVI with limited liability
“Land”	the land located at the junction of Lin Cheung Road and Austin Road West, Kowloon, Hong Kong and registered in the Land Registry as Kowloon Inland Lot No. 11262
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Max Century”	Max Century (H.K.) Limited 信明(香港)有限公司, a company incorporated in Hong Kong with limited liability and a subsidiary of the Company
“Ping An Life”	Ping An Life Insurance Company of China, Ltd. 中國平安人壽保險股份有限公司, a company incorporated in the People’s Republic of China with limited liability
“Purchaser”	Fuyue Investment Management Limited 富悅投資管理有限公司, a company incorporated in Hong Kong with limited liability
“Sale Agreement”	the sale and purchase agreement dated 29 April 2020 under which the Group agreed to sell a 25% interest in the Target Company to the Purchaser
“Somerspath”	Somerspath International Limited, a company incorporated in the BVI with limited liability, which is directly owned as to one-third by each of the Kwok Family Companies and indirectly owned by the trustee of discretionary trusts of which certain Directors and alternate Director are beneficiaries, which trustee is also a substantial shareholder (as defined in the Listing Rules) of the Company
“Target Company”	Vivid Synergy Limited, a company incorporated in the BVI with limited liability

By order of the Board
YUNG Sheung-tat, Sandy
Company Secretary

Hong Kong, 29 April 2020

As at the date hereof, the Board of Directors of the Company comprises eight Executive Directors, being KWOK Ping-luen, Raymond (Chairman and Managing Director)(KWOK Ho-lai, Edward being his Alternate Director), WONG Chik-wing, Mike (Deputy Managing Director), LUI Ting, Victor (Deputy Managing Director), KWOK Kai-fai, Adam, KWOK Kai-wang, Christopher, KWONG Chun, TUNG Chi-ho, Eric and FUNG Yuk-lun, Allen; three Non-Executive Directors, being LEE Shau-kee (Vice Chairman), KWAN Cheuk-yin, William and KWOK Kai-chun, Geoffrey; and nine Independent Non-Executive Directors, being YIP Dicky Peter, WONG Yue-chim, Richard, LI Ka-cheung, Eric, FUNG Kwok-lun, William, LEUNG Nai-pang, Norman, LEUNG Kui-king, Donald, LEUNG KO May-yee, Margaret, FAN Hung-ling, Henry and WU Xiang-dong.

This announcement is made in English and Chinese. In case of any inconsistency, the English version shall prevail.