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**Tsim Sha Tsui Properties Limited**

(Incorporated in Hong Kong with limited liability)

**(Stock Code: 247)**



**Sino Land Company Limited**

(Incorporated in Hong Kong with limited liability)

**(Stock Code: 83)**

## **MAJOR TRANSACTION**

## **DISCLOSEABLE TRANSACTION**

### **DISPOSAL OF INTERESTS IN TARGET COMPANY**

This announcement is jointly made by TST Properties and Sino Land.

The respective boards of Directors of TST Properties and Sino Land are pleased to announce that after trading hours on 7th September, 2017, the Vendor (an indirect wholly-owned subsidiary of Sino Land) entered into an Equity Transfer Agreement with the Purchaser (an independent third party) in respect of the Disposal, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase 80% equity interest in the Target Company at a total cash Consideration of RMB8,767.5 million (subject to adjustment), which is payable in Hong Kong dollars equivalent, i.e. approximately HK\$10,510 million, based on the agreed exchange rate of RMB1.00 equal to HK\$1.1988. The Target Company owns, develops and operates the Project.

Sino Land is a subsidiary of TST Properties and the Vendor is an indirect subsidiary of TST Properties. With respect to TST Properties, as one or more of the applicable percentage ratios for the Disposal exceed 25% but are less than 75%, the Disposal constitutes a major transaction for TST Properties and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the Disposal will be despatched to the shareholders of TST Properties on or before 28th September, 2017.

To the best knowledge, information and belief of the Directors of TST Properties, after having made all reasonable enquiries, no shareholder is required to abstain from voting if TST Properties were to convene a general meeting for the approval of the Disposal. The Registered Holders, being a closely allied group of shareholders of TST Properties, in aggregate hold 959,482,602 shares of TST Properties (representing approximately 54.98% of the entire issued capital of TST Properties as at the date of this announcement), have given written approval for the Disposal and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Registered Holders are Nippomo Limited, Strathallan Investment Limited and Tamworth Investment Limited which are holding 162,575,295 shares, 319,751,395 shares and 477,155,912 shares of TST Properties respectively as at the date of this announcement. Accordingly, no general meeting will be held by TST Properties for approving the Disposal.

With respect to Sino Land, as one or more of the applicable percentage ratios for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for Sino Land and is therefore subject to the notification and announcement requirements but is not subject to shareholders' approval requirement under Chapter 14 of the Listing Rules.

**As Completion is subject to the fulfillment of the Conditions Precedent, the Disposal may or may not proceed. Shareholders and potential investors of TST Properties and Sino Land are advised to exercise caution when dealing in the shares of TST Properties and Sino Land.**

## **INTRODUCTION**

This announcement is jointly made by TST Properties and Sino Land.

The respective boards of Directors of TST Properties and Sino Land are pleased to announce that after trading hours on 7th September, 2017, the Vendor (an indirect wholly-owned subsidiary of Sino Land) entered into an Equity Transfer Agreement with the Purchaser (an independent third party) in respect of the Disposal, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase 80% equity interest in the Target Company at a total cash Consideration of RMB8,767.5 million (subject to adjustment), which is payable in Hong Kong dollars equivalent, i.e. approximately HK\$10,510 million, based on the agreed exchange rate of RMB1.00 equal to HK\$ 1.1988. The Target Company owns, develops and operates the Project.

## **EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are summarized as follows:

**Date** : 7th September, 2017 (“**Equity Transfer Agreement Date**”)

### **Parties**

(1) Vendor : Sinoland China Investment Holdings Limited

(2) Purchaser : Wealth Express Development Limited

To the best knowledge, information and belief of the Directors of TST Properties and Sino Land, after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with TST Properties, Sino Land and their connected persons.

### **Subject of the Disposal**

80% of the equity interest in the Target Company.

## **Consideration and Terms of Payment**

The total cash Consideration for the Disposal shall be RMB8,767.5 million, which is payable in Hong Kong dollars equivalent, i.e. approximately HK\$10,510 million, based on the agreed exchange rate of RMB1.00 equal to HK\$1.1988, subject to adjustment as stipulated in the Equity Transfer Agreement with reference to (i) the actual after-tax effect of land appreciation tax relating to phase 1 of the Project, calculated based on the actual amount payable by the Target Company as confirmed by the tax authority; and (ii) the net profit derived from the sale and pre-sale of residential properties and car park units (including both recognised revenue and non-recognised revenue) by the Target Company before 30th June, 2017 under phase 1 and phase 2A of the Project.

The Consideration for the Disposal was determined by the parties to the Equity Transfer Agreement following arm's length negotiations on normal commercial terms by reference to and having taken into account (i) the audited net asset value of the Target Company of approximately RMB4,433 million as at 30th June, 2017; and (ii) valuation of the Project as at 30th June, 2017 performed by an independent qualified professional valuer of RMB10,376 million.

The Consideration shall be paid by the Purchaser by three instalments:

- (1) the first instalment, being 10% of the Consideration, shall be paid to the Vendor on or before 11th September, 2017 and shall constitute deposit for the Disposal;
- (2) the second instalment, being 70% of the Consideration, shall be paid, subject to Completion, to the Vendor on the Completion Date, the payment of which is guaranteed by Payment Guarantee I to be delivered by the Purchaser to the Vendor within 45 days after the Equity Transfer Agreement Date (subject to certain conditions); and
- (3) the third instalment, being 20% of the Consideration, shall be paid, subject to certain payment conditions, to the Vendor within 150 days after the Equity Transfer Agreement Date, the payment of which is guaranteed by Payment Guarantee II to be delivered by the Purchaser to the Vendor within 60 days after the Equity Transfer Agreement Date (subject to certain conditions).

## **Conditions Precedent**

The Disposal is subject to the satisfaction of the following key Conditions Precedent:

- (1) the Target Company having obtained (i) the confirmation of change recordal for foreign invested enterprise issued by the Ministry of Commerce or its relevant local office in response to the change recordal application made by it, and (ii) the new business licence; and
- (2) the Target Company having received all its advances from connected parties of the Vendor.

According to the Equity Transfer Agreement, the Purchaser and the Vendor should use their best endeavours to procure the fulfillment of the Conditions Precedent on or before the Long Stop Date, or such other date as mutually agreed by the Purchaser and the Vendor. If any Condition Precedent is not fulfilled or waived (as applicable) pursuant to the Equity Transfer Agreement which is not due to either party's fault, the Equity Transfer Agreement will be terminated and the deposit and/or instalments paid will be returned to the Purchaser in accordance with the Equity Transfer Agreement.

## **Completion**

Subject to the fulfillment or waiver (as applicable) of the above Conditions Precedent, the Disposal shall be completed on the Completion Date.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company, being a wholly foreign-owned enterprise established and validly in existence under the laws of the PRC and wholly-owned by the Vendor, is the project company which owns, develops and operates the Project. The audited net asset value of the Target Company based on its audited accounts as at 30th June, 2017 prepared in accordance with the Accounting Standards for Business Enterprises of PRC was approximately RMB4,433 million. For the financial year ended 31st December, 2016, the audited loss before and after tax of the Target Company were approximately RMB77 million and RMB98 million respectively. For the financial year ended 31st December, 2015, the audited profit before and after tax of the Target Company were approximately RMB102 million.

Following Completion, the Target Company will cease to be a subsidiary of each of Sino Land and TST Properties, and its financial results, assets and liabilities will no longer be included in the consolidated financial statements of each of Sino Land and TST Properties. Sino Land will hold a 20% remaining equity interest in the Target Company after Completion and the financial results of the Target Company are expected to be recorded in the financial statements of TST Properties and Sino Land as an associate respectively using equity method of accounting.

## **FINANCIAL EFFECT OF THE DISPOSAL**

Upon Completion, TST Properties and Sino Land expect to record a gain on Disposal of a subsidiary (net of incidental costs and related expenses) and a fair value gain on non-controlling interests retained which in aggregate will amount to approximately HK\$3,361 million for TST Properties and approximately HK\$6,454 million for Sino Land respectively. The gain on Disposal is determined by reference to the difference between the Consideration under the Equity Transfer Agreement and the carrying value of the Vendor's 80% equity interest in the Target Company in the financial statements of Sino Land and TST Properties respectively taking into account the estimated tax payable relating to the Disposal according to the relevant tax laws in the PRC. The fair value gain on non-controlling interests retained is estimated based on the difference between the estimated fair value of the remaining 20% equity interest held by the Vendor and its latest carrying value in the financial statements of Sino Land and TST Properties respectively.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Disposal enables the Group to realize cash and unlock the value in its investment in the Project at fair market value. All the net proceeds to be received by the Vendor from the Disposal will be applied towards the working capital requirements of the Group.

The Directors of TST Properties consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of TST Properties and its shareholders as a whole.

The Directors of Sino Land consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of Sino Land and its shareholders as a whole.

## **INFORMATION ABOUT THE PARTIES AND THE GROUP**

The Vendor is a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of Sino Land. As Sino Land is a subsidiary of TST Properties, the Vendor is also an indirect subsidiary of TST Properties. Both TST Properties and Sino Land are investment holding companies and their principal businesses include property development and investment, investment in securities, financing, hotel and property management and services.

The Purchaser is a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of Shenzhen Overseas Chinese Town Company Limited (深圳華僑城股份有限公司) (the shares of which are listed on the Shenzhen Stock Exchange under Stock Code No. 000069), which is principally engaged in hospitality industry, hotel services, property development and paper packaging business.

## **LISTING RULES IMPLICATIONS**

Sino Land is a subsidiary of TST Properties and the Vendor is an indirect subsidiary of TST Properties. With respect to TST Properties, as one or more of the applicable percentage ratios for the Disposal exceed 25% but are less than 75%, the Disposal constitutes a major transaction for TST Properties and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the Disposal will be despatched to the shareholders of TST Properties on or before 28th September, 2017.

To the best knowledge, information and belief of the Directors of TST Properties, after having made all reasonable enquiries, no shareholder is required to abstain from voting if TST Properties were to convene a general meeting for the approval of the Disposal. The Registered Holders, being a closely allied group of shareholders of TST Properties, in aggregate hold 959,482,602 shares of TST Properties (representing approximately 54.98% of the entire issued capital of TST Properties as at the date of this announcement), have given written approval for the Disposal and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Registered Holders are Nippomo Limited, Strathallan Investment Limited and Tamworth Investment Limited which are holding 162,575,295 shares, 319,751,395 shares and 477,155,912 shares of TST Properties respectively as at the date of this announcement. Accordingly, no general meeting will be held by TST Properties for approving the Disposal.

With respect to Sino Land, as one or more of the applicable percentage ratios for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for Sino Land and is therefore subject to the notification and announcement requirements but is not subject to shareholders' approval requirement under Chapter 14 of the Listing Rules.

The respective Directors of TST Properties and Sino Land consider that the adjustment of the Consideration according to the Equity Transfer Agreement, if any, will not be material and the Disposal will still constitute a major transaction for TST Properties and a discloseable transaction for Sino Land. TST Properties and Sino Land will monitor the amount of adjustment and comply with any requirements under the Listing Rules, where necessary.

**Completion is subject to the fulfillment of the Conditions Precedent and therefore the Disposal may or may not proceed. As such, shareholders and potential investors of TST Properties and Sino Land are advised to exercise caution when dealing in the shares of TST Properties and Sino Land.**

## **DEFINITIONS**

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

|                             |  |
|-----------------------------|--|
| “Business Day”              | a day (excluding Saturdays, Sundays and public holidays) on which banks in Hong Kong are open for business   |
| “Completion”                | completion of the Disposal under the Equity Transfer Agreement in accordance with its terms  |
| “Completion Date”           | the day on which the Target Company obtains the new business license (if the new business license is obtained before 12:00 pm), or the next Business Day after the day on which the Target Company obtains the new business license (if the new business license is obtained after 12:00 pm) |
| “Conditions Precedent”      | the conditions precedent to Completion   |
| “connected person”          | has the meaning ascribed to it under the Listing Rules   |
| “Consideration”             | the consideration of RMB8,767.5 million (subject to adjustment) payable by the Purchaser under the Equity Transfer Agreement   |
| “Directors”                 | the respective directors of TST Properties and Sino Land   |
| “Disposal”                  | the sale of 80% equity interest in the Target Company as contemplated under the Equity Transfer Agreement  |
| “Equity Transfer Agreement” | the equity transfer agreement dated 7th September, 2017 entered into between the Vendor and the Purchaser in connection with the Disposal  |
| “Group”                     | TST Properties, Sino Land and their respective subsidiaries  |
| “HK\$”                      | Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC   |
| “Listing Rules”             | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Long Stop Date”            | 6th December, 2017, being the 90th day after the Equity Transfer Agreement Date  |

|                        |   |
|------------------------|---|
| “Payment Guarantee I”  | a payment guarantee (or a series of payment guarantees, as the case may be) to be issued by a licensed bank in favour of the Vendor irrevocably undertaking to pay to the Vendor upon receipt of written demand the whole or part of the guaranteed sum, being 70% of the Consideration   |
| “Payment Guarantee II” | a payment guarantee to be issued by a licensed bank in favour of the Vendor irrevocably undertaking to pay to the Vendor upon receipt of written demand the whole or part of the guaranteed sum, being 20% of the Consideration   |
| “PRC”                  | the People’s Republic of China  |
| “Project”              | residential, commercial and hotel development project at two parcels of land with total site area of approximately 244,359.3 square meters situate at No. 9, the Second Yufeng Road, Chenghua District, Chengdu, Sichuan Province, PRC, known as The Palazzo  |
| “Purchaser”            | Wealth Express Development Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Shenzhen Overseas Chinese Town Company Limited (深圳華僑城股份有限公司) (the shares of which are listed on the Shenzhen Stock Exchange under Stock Code No. 000069)   |
| “Registered Holders”   | collectively, (i) Nippomo Limited, (ii) Strathallan Investment Limited and (iii) Tamworth Investment Limited which in aggregate hold 959,482,602 shares of TST Properties (representing approximately 54.98% of the entire issued capital of TST Properties as at the date of this announcement) on trust for the estate of the late Mr. Ng Teng Fong |
| “RMB”                  | Renminbi, the lawful currency of the PRC  |
| “Sino Land”            | Sino Land Company Limited, a company incorporated in Hong Kong and a subsidiary of TST Properties, the shares of which are listed on the main board of the Stock Exchange   |
| “Stock Exchange”       | The Stock Exchange of Hong Kong Limited   |
| “Target Company”       | 信和置業（成都）有限公司, a wholly foreign-owned enterprise duly incorporated and validly existing under the laws of PRC and a direct wholly-owned subsidiary of the Vendor with a registered capital of HK\$5,118 million  |
| “TST Properties”       | Tsim Sha Tsui Properties Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange   |

“Vendor” Sinoland China Investment Holdings Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Sino Land

“%” percent.

By Order of the Board of  
**Tsim Sha Tsui Properties Limited**  
**Velencia Lee**  
*Company Secretary*

By Order of the Board of  
**Sino Land Company Limited**  
**Velencia Lee**  
*Company Secretary*

Hong Kong, 7th September, 2017

*As at the date hereof, the Executive Directors of TST Properties are Mr. Robert Ng Chee Siong and Mr. Daryl Ng Win Kong, the Non-Executive Director is The Honourable Ronald Joseph Arculli, and the Independent Non-Executive Directors are Dr. Allan Zeman, Mr. Adrian David Li Man-kiu and Mr. Steven Ong Kay Eng.*

*As at the date hereof, the Executive Directors of Sino Land are Mr. Robert Ng Chee Siong, Mr. Daryl Ng Win Kong, Mr. Ringo Chan Wing Kwong, Ms. Alice Ip Mo Lin, Mr. Gordon Lee Ching Keung and Mr. Sunny Yeung Kwong, the Non-Executive Director is The Honourable Ronald Joseph Arculli, and the Independent Non-Executive Directors are Dr. Allan Zeman, Mr. Adrian David Li Man-kiu, Mr. Steven Ong Kay Eng and Mr. Wong Cho Bau.*