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## **C C Land Holdings Limited**

**中渝置地控股有限公司**

*(Incorporated in Bermuda with limited liability)*

Website: [www.ccland.com.hk](http://www.ccland.com.hk)

(Stock Code: 1224)

### **VERY SUBSTANTIAL ACQUISITION ACQUISITION OF THE LEADENHALL BUILDING**

On 1 March 2017 (United Kingdom time), a wholly-owned subsidiary of the Company as the buyer and the Company as the buyer's guarantor, entered into the Agreement with the Sellers and the Oxford Guarantor, pursuant to which the Sellers conditionally agreed to sell, and the Buyer conditionally agreed to acquire 100% interests in the Leadenhall Building (through the acquisition of the Sale Shares and the repayment of the shareholder loans of the Target Group) at an aggregate consideration of approximately GBP1,135 million (equivalent to approximately HK\$11,009.5 million) subject to adjustment in accordance with the Agreement based on the agreed property value of the Leadenhall Building of GBP1,150 million (equivalent to approximately HK\$11,155 million).

#### **GENERAL**

As an applicable percentage ratio exceeds 100%, the Agreement and the transactions contemplated thereunder constitute a very substantial acquisition of the Company and are subject to notification, announcement, circular and shareholders' approval requirements under the Listing Rules.

A circular containing, among other things, further details of the Agreement and the notice of SGM, will be despatched to the Shareholders as soon as possible taking into account the minimum time anticipated for preparing the necessary reports and financial information for inclusion in the circular. If Completion is to take place on the Target Completion Date, it is expected that the circular has to be despatched on or before 3 April 2017. If there is any delay in despatch of the circular beyond 3 April 2017, the Company will make a further announcement as appropriate in accordance with the requirements of the Listing Rules.

#### **1. THE AGREEMENT**

The Board is pleased to announce that on 1 March 2017 (United Kingdom time) the Company through its wholly owned subsidiary entered into the Agreement, the material terms of which are summarized below.

##### **1.1 Date**

1 March 2017 (United Kingdom time)

## 1.2 Parties

<b>Buyer:</b>	Green Charm Investments Limited
<b>Buyer's Guarantor</b>	C C Land Holdings Limited
<b>Sellers:</b>	(i) Union Property Holdings (London) Limited and (ii) Oxford Properties European GP Inc. as general partner for Oxford Properties European Holdings Limited Partnership
<b>Oxford Guarantor:</b>	Oxford Jersey Holding Company Limited, the guarantor for the Oxford Seller

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Sellers and the Oxford Guarantor and their respective ultimate beneficial owner(s) are Independent Third Parties.

## 1.3 Assets to be acquired

The Buyer has conditionally agreed to acquire:

- (i) from the BL Seller, 64 issued "B" ordinary shares of GBP1 each in the capital of the Target Company and 300 issued "C" ordinary shares of GBP1 each in the capital of the Target Company (together, the "**BL Shares**"), which represent in essence 50% of the interests in the Target Company; and
- (ii) from the Oxford Seller, 64 issued "A" ordinary shares of GBP1 each in the capital of the Target Company (the "**Oxford Shares**", and together with the BL Shares, the "**Sale Shares**"), which represent in essence the other 50% of the interests in the Target Company.

The Sale Shares constitute the entire issued share capital of the Target Company, which is the legal and beneficial owner of the entire issued share capital of Prop Co, which is in turn the legal and beneficial owner of the Leadenhall Building.

## 1.4 Consideration and payment terms

The aggregate amount payable by the Buyer in cash under the Agreement is expected to be approximately GBP1,135 million (equivalent to approximately HK\$11,009.5 million), comprising (i) GBP770.7 million (equivalent to approximately HK\$7,475.8 million), representing the initial consideration for the Sale Shares (the "**Initial Consideration**") to be paid to the Sellers in equal shares; and (ii) the repayment by the Buyer of the outstanding shareholder loans of the Target Group at Completion, which is estimated by the Sellers (assuming Completion will occur on the Target Completion Date) to be GBP364.3 million (equivalent to approximately HK\$3,533.7 million).

The amount of the Initial Consideration represents the Sellers' current estimate of the net asset value of the Target Group on the Target Completion Date.

*Post-Completion adjustment*

The Initial Consideration will be subject to the following post-Completion adjustment:

- (a) plus the amount (if any) by which the net asset value of the Target Group as at the Completion Date as set out in the Completion Balance Sheet (the “**Final Consideration**”), exceeds the Initial Consideration; or
- (b) alternatively, less the amount (if any) by which the Final Consideration is less than the Initial Consideration.

In addition, the amount of rent frees and rent guarantees which the Sellers agreed to top-up will be reflected as a liability in the Completion Balance Sheet and the net asset value of the Target Group therein will be reduced by such amount. As at the date of this announcement, such amount is estimated to be approximately GBP12.7 million (equivalent to approximately HK\$123.2 million), assuming Completion takes place on the Target Completion Date.

Within 30 business days following the Completion Date, the Sellers will prepare (or procure the preparation of) and deliver to the Buyer a draft Completion Balance Sheet. Once the draft Completion Balance Sheet has been agreed or determined, the Buyer or the Sellers (as the case may be) will settle any shortfall or surplus between the Initial Consideration and the Final Consideration within 5 business days from the date on which the Completion Balance Sheet is agreed or determined.

*Payment schedule, deposits and releases*

The Initial Consideration will be settled and released in the following manner pursuant to the Agreement:

- (i) upon the signing of the Agreement, GBP287.5 million (equivalent to approximately HK\$2,788.8 million), comprising (a) an initial security amount of GBP30 million (equivalent to approximately HK\$291 million) (the “**Initial Security Amount**”); and (b) the initial held funds of GBP257.5 million (equivalent to approximately HK\$2,497.8 million) (the “**Initial Held Funds**”), has been paid by the Buyer to the accounts of the BL Seller’s solicitors as stakeholder (“**Stakeholder Account**”);
- (ii) if the Condition has not been satisfied by:
  - (1) the date falling 5 business days (or such shorter period as may be agreed by the Buyer and the Sellers in writing) before the Target Completion Date, the Initial Security Amount will be released to the Sellers on Target Completion Date;
  - (2) the date falling 5 business days (or such shorter period as may be agreed by the Buyer and the Sellers in writing) before the First Long Stop Date, GBP10 million (equivalent to approximately HK\$97 million) from the Initial Held Funds will be designated as an additional security amount (the “**Further Security Amount**”);
  - (3) the Final Long Stop Date, (aa) the Further Security Amount will be released to the Sellers (without prejudice to any other rights or remedies of the Sellers under the Agreement) and (bb) the remainder of the Initial Held Funds of GBP247.5 million (equivalent to approximately HK\$2,400.8 million) will be returned to the Buyer;

- (iii) if the Condition is fulfilled and Completion takes place, at Completion, the Initial Security Amount (if not released), the Further Security Amount (if not released) and the Initial Held Funds (or the remainder of it where applicable) (together with accrued interest) will be released to the Sellers, and the Buyer will settle the Initial Consideration less GBP287.5 million (equivalent to approximately HK\$2,788.8 million).

In summary, a maximum sum of GBP40 million (equivalent to approximately HK\$388 million) would be released to the Sellers (without prejudice to any other rights or remedies of the Sellers under the Agreement) on the Final Long Stop Date if the Condition is not fulfilled by then. The Company will comply with its disclosure obligations as appropriate in accordance with the requirements of the Listing Rules if the Condition is not fulfilled by the Final Long Stop Date.

### **1.5 Condition precedent**

Completion is subject to and conditional upon the passing of the resolution by the Shareholders for approving the Agreement and the transactions contemplated thereunder in a general meeting of the Company. As disclosed in the section headed “*General*” below, it is expected that the resolution will be passed by the Shareholders at the SGM by virtue of the undertaking given by Mr. Cheung Chung Kiu to procure Fame Seeker Holdings Limited (“**Fame Seeker**”) and Thrivetrade Limited (“**Thrivetrade**”) (which together hold approximately 50.41% of all issued Shares) to vote in favour of such resolution.

### **1.6 Completion**

Completion will take place on: (a) the date falling 5 business days (or such shorter period as the Buyer and the Sellers may agree) after the date on which the Condition is satisfied; (b) such other date as determined pursuant to the Completion Postponement (as defined in this section below); or (c) any such date as the parties may agree in writing.

If the Condition is satisfied but Completion does not take place as a result of default by either the Buyer or the Sellers of their completion obligations, the non-defaulting party will be entitled to fix a new date for Completion, which will not be less than 10 business days but not more than 20 business days after the date on which the original Completion ought to take place (the “**Completion Postponement**”). If, on the new date scheduled for Completion pursuant to the Completion Postponement, Completion still does not take place, the non-defaulting party may terminate the Agreement.

### **1.7 Guarantee and undertaking**

The Company guarantees the Buyer’s performance of obligations and liabilities (including without limitation the obligation to pay money) under the Agreement and the Tax Deed. The Oxford Guarantor guarantees the Oxford Seller’s performance of obligations and liabilities under the Agreement and the Tax Deed.

### **1.8 Termination and default**

If the Condition has not been fulfilled by the Final Long Stop Date or, prior to the Final Long Stop Date, the parties agree in writing that the Condition has become incapable of being fulfilled by the Final Long Stop Date, the Agreement will automatically terminate.

If the Condition is fulfilled but the Sellers default and fail to proceed with Completion, and the Buyer terminates the Agreement, (i) all amounts then held in the Stakeholder Account (together with accrued interest) will be returned to the Buyer; and (ii) any amounts previously released to

the Sellers under the Agreement will be paid back to the Buyer. Conversely, if the Condition is fulfilled but the Buyer defaults and fails to proceed with Completion and the Sellers terminate the Agreement, all remaining amounts then held in the Stakeholder Account (i.e. up to a maximum of GBP287.5 million (equivalent to approximately HK\$2,788.8 million)) together with accrued interest will be released to the Sellers.

## **2. BASIS FOR DETERMINATION OF THE CONSIDERATION**

The consideration for the Acquisition was determined following arm's length negotiations on normal commercial terms between the parties to the Agreement by reference to the estimated net asset value of the Target Group based on the unaudited financial information as at 31 December 2016 and adjusted for Completion on the Target Completion Date, the agreed property value of the Leadenhall Building as at 21 February 2017 of GBP1,150 million (equivalent to approximately HK\$11,155 million) and the estimated amount of outstanding shareholder loans of GBP364.3 million (equivalent to approximately HK\$3,533.7 million) of the Target Group based on the unaudited financial information as at 31 December 2016 and adjusted for Completion on the Target Completion Date.

The aggregate consideration for the Acquisition will be funded by the internal and external resources, including equity and/or debt financing, of the Group as appropriate. The Company will provide further information in the circular on the allocation of the sources of funding, which is yet to be finalised at this stage.

## **3. INFORMATION ON THE SELLERS AND THE OXFORD GUARANTOR**

To the best knowledge and information of the Directors, the BL Seller is principally engaged in investments holding. The ultimate holding company of the BL Seller is The British Land Company PLC, which is a real estate investment trust listed on the London Stock Exchange and is principally engaged in holding commercial property in the United Kingdom for investment.

To the best knowledge and information of the Directors, the Oxford Seller is a general partner for Oxford Properties European Holdings Limited Partnership, which is a member of Oxford Properties Group ("**Oxford Properties**"). Oxford Properties is engaged in real estate investment, development and management activities for Ontario Municipal Employees Pension System ("**OMERS**"), a defined benefit pension plan that invests and administers pensions for members from municipalities, school boards, emergency services and local agencies across Ontario, Canada. The Oxford Guarantor is principally engaged in investment holding and is also a member of Oxford Properties and is indirectly owned by OMERS.

## **4. INFORMATION ON THE LEADENHALL BUILDING AND THE TARGET GROUP**

The Leadenhall Building is a commercial tower with over 46 floors, comprising approximately 610,000 square feet of office and retail space and is substantially fully multi-let with a weighted average unexpired lease term of approximately 13 years with over 10 years on a term-certain basis. The building's tenant base includes a number of major international insurance companies alongside financial institutions, technology and professional service businesses. The current annual rental income of the Leadenhall Building is in the region of approximately GBP 40.2 million (equivalent to approximately HK\$389.9 million). The Leadenhall Building was designed by Rogers Stirk Harbour + Partners, and was developed in a joint venture between The British Land Company PLC and Oxford Properties in 2014. The property occupies a site of 0.94 acres (0.38 hectares) and extends to 736 feet in height. The estimated value of the Leadenhall Building is approximately GBP1,150 million (equivalent to approximately HK\$11,155 million) on a like for like basis of the terms of the Acquisition based on the preliminary result of the valuation adopting the direct comparison approach based on comparing the property to be valued directly with other comparable properties and sales evidence as available on the market performed for the purpose of the Acquisition by an independent professional valuer.

So far as the Directors are aware as informed by the Sellers, the Target Group has been engaged in the holding, directly or indirectly, of the Leadenhall Building (and matters ancillary to this), and as at the date of this announcement, the Target Company also held, apart from the Prop Co, two other companies (“**Excluded Companies**”): (i) Leadenhall Development Company Limited, a company incorporated in England and Wales, which is principally engaged in the provision of development management services to the Prop Co and (ii) 122 Leadenhall Street Limited, a company incorporated in England and Wales, which is a dormant company. Under the Agreement, the Sellers will procure that the sale by the Target Company of the Excluded Companies will be completed before Completion, and the Sellers will indemnify the Buyer’s group (including the Target Group after Completion), amongst other things, for any loss or liabilities that it may suffer in connection with the Excluded Companies and certain other matters, subject to certain limitations.

The financial information of the Target Company (on a non-consolidated basis) and the Prop Co respectively are as follows:

**(1) Target Company**

	<b>Year ended 31 March 2016 GBP million (HK\$ million equivalent) (Unaudited)</b>	<b>Year ended 31 March 2015 GBP million (HK\$ million equivalent) (Unaudited)</b>
Net Loss Before Tax	0.1 (1)	0.1 (1)
Net Loss After Tax	0.1 (1)	0.1 (1)
		<b>As at 31 March 2016 GBP million (HK\$ million equivalent) (Unaudited)</b>
Net assets		85.4 (828.4)

**(2) Prop Co**

	<b>Year ended 31 March 2016 GBP million (HK\$ million equivalent) (Unaudited)</b>	<b>Year ended 31 March 2015 GBP million (HK\$ million equivalent) (Unaudited)</b>
Net Profit Before Tax	140.6 (1,363.8)	202.2 (1,961.3)
Net Profit After Tax	140.6 (1,363.8)	202.2 (1,961.3)

**As at**  
**31 March 2016**  
**GBP million**  
*(HK\$ million*  
*equivalent)*  
**(Unaudited)**

Net assets	498.6 (4,836.4)
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## 5. INFORMATION ON THE BUYER AND THE GROUP

The Buyer is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company. The Buyer is principally engaged in investment holding. The core businesses of the Group are property development and investment, as well as treasury investments.

## 6. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The acquisition of the Leadenhall Building is in line with the business strategy of the Group in investing in quality property developments in mature cities globally. The Leadenhall Building is an iconic and award-winning building situated in the prime financial and insurance districts of London. Completed in 2014, the Leadenhall Building is a world class skyscraper and office tower boasting an impressive lease portfolio commanding strong recurring rentals and will be held by the Group as an investment property for long term capital growth. It is expected that the Leadenhall Building will generate a stable and strong recurrent income for the Group and affirm the Group's presence in the international property markets.

The Directors consider that the terms of the Agreement have been negotiated on an arm's length basis and on normal commercial terms and the terms thereof are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

## 7. GENERAL

As an applicable percentage ratio exceeds 100%, the Agreement and the transactions contemplated thereunder constitute a very substantial acquisition of the Company and are subject to notification, announcement, circular and shareholders' approval requirements under the Listing Rules.

The SGM will be held for the purpose of considering and, if thought fit, approving the relevant ordinary resolution in respect of the Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no Shareholder has a material interest in the Agreement and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting at the SGM. As at the date of this announcement, Fame Seeker and Thrivetrade in aggregate holds approximately 50.41% of the issued Shares. On the date of the Agreement, Mr. Cheung Chung Kiu, who is interested in 100% of each of Fame Seeker and Thrivetrade, gave an irrevocable undertaking in favour of the Sellers to procure Fame Seeker and Thrivetrade to vote in favour of the resolution approving the Agreement and the transactions contemplated thereunder.

The circular containing, among other things, details of the Agreement and the transactions contemplated thereunder, financial information in relation to the Target Group, the pro-forma financial statement of the enlarged Group and a valuation report on the Leadenhall Building, and a notice convening the SGM will be despatched to the Shareholders as soon as possible taking into account the minimum time anticipated for preparing the necessary reports and financial

information for inclusion in the circular. If Completion is to take place on the Target Completion Date, it is expected that the circular has to be despatched on or before 3 April 2017. If there is any delay in despatch of the circular beyond 3 April 2017, the Company will make a further announcement as appropriate in accordance with the requirements of the Listing Rules.

## 8. DEFINITIONS

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

“Acquisition”	the acquisition under the Agreement
“Agreement”	the agreement dated 1 March 2017 (United Kingdom time) entered into between the Buyer, the Company, the Sellers and the Oxford Guarantor in relation to the Acquisition
“BL Seller”	Union Property Holdings (London) Limited, a company incorporated in England and Wales
“Board”	the board of Directors
“Buyer”	Green Charm Investments Limited, a company incorporated and registered in the British Virgin Islands with limited liability and indirectly wholly-owned by the Company
“Company”	C C Land Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the Agreement
“Completion Balance Sheet”	the consolidated balance sheet for the Target Group as at the Completion Date to be prepared by the Sellers, and agreed by the Buyer and the Sellers or determined, in accordance with the Agreement
“Completion Date”	the date on which Completion takes place in accordance with the Agreement
“Condition”	the condition precedent set out in the section headed “ <i>Condition precedent</i> ” in this announcement
“Director(s)”	the director(s) of the Company
“Final Long Stop Date”	28 June 2017 or any other date as agreed by the parties to the Agreement
“First Long Stop Date”	25 May 2017, or any other date as agreed by the parties to the Agreement
“GBP”	British Pound Sterling, the lawful currency of the United Kingdom of Great Britain and Northern Ireland
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	independent third party(ies) who is (are) not connected person(s) (as defined under the Listing Rules) of the Group and is (are) independent of and not connected with the Group and its connected person(s)
“Initial Consideration”	has the meaning as defined in the section headed “ <i>Consideration and payment terms</i> ” in this announcement
“Leadenhall Building”	the freehold property known as 122 Leadenhall Street, London EC3V 4PE and the leasehold property being part of the airspace above Leadenhall Street
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Oxford Guarantor”	Oxford Jersey Holding Company Limited, a company incorporated in Jersey and the guarantor for the Oxford Seller under the Agreement
“Oxford Seller”	Oxford Properties European GP Inc., as general partner for Oxford Properties European Holdings Limited Partnership, an Ontario limited partnership
“Prop Co”	Leadenhall Property Co (Jersey) Ltd, a private company incorporated in Jersey and the registered owner of the Leadenhall Building
“Sale Shares”	has the meaning as defined in the section headed “ <i>Assets to be acquired</i> ” in this announcement
“Sellers”	collectively, the BL Seller and the Oxford Seller, and each of them a “Seller”
“SGM”	the special general meeting of the Company to be convened for approving the Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holder(s) of Share(s)
“Stakeholder Account”	has the meaning as defined in the section headed “ <i>Consideration and payment terms</i> ” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Leadenhall Holding Co (Jersey) Ltd, a private company incorporated in Jersey

“Target Completion Date”	25 April 2017, or any other date as agreed between the parties to the Agreement
“Target Group”	the Target Company and the Prop Co
“Tax Deed”	the tax deed to be entered into between the Buyer and the Sellers on Completion Date, pursuant to which the Sellers as covenantors covenant to pay the Buyer certain tax liabilities of the Target Group in accordance with the terms of such deed
“%”	per cent

By order of the Board  
**Lam How Mun Peter**  
*Deputy Chairman and Managing Director*

Hong Kong, 1 March 2017

*As at the date of this announcement, the Board comprises Mr. Cheung Chung Kiu, Dr. Lam How Mun Peter, Mr. Tsang Wai Choi, Mr. Wong Chi Keung, Mr. Leung Chun Cheong and Mr. Leung Wai Fai as Executive Directors; and Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick as Independent Non-executive Directors.*

*In this announcement, GBP has been converted to HK\$ at the rate of GBP1 = HK\$9.7 for illustration purpose only. No representation is made that any amounts in GBP or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.*