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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

(Stock Code: 1224)

MAJOR TRANSACTION
FORMATION OF JOINT VENTURE

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DEFINITIONS

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

“A Share(s)”	the “A” share(s) of nominal value £1 (equivalent to approximately HK\$10) each in the capital of JVC having the rights and being subject to the restrictions set out in the articles of association of JVC and the JVC Shareholders’ Agreement
“Agent”	Trimont Real Estate Advisors, U.K., Ltd, being the agent for certain finance parties under the Finance Documents
“Announcement”	the announcement of the Company dated 20 December 2019 in relation to, among other things, the Transaction
“Apollo Facilities”	the Senior Facilities Agreement and the Mezzanine Facility Agreement
“Assignment and Set-Off Documents”	<p>the following agreements entered into on 20 December 2019 in respect of the set-off and full discharge of the QRW2 Share Sale Amount and the QRW2 Seller Loan Amount:</p> <ul style="list-style-type: none">(a) the deed of assignment and set-off made between (i) QRW2, (ii) QRW2 SPA Seller, (iii) MB Whiteleys Lux HoldCo S.à r.l., (iv) MB II Guernsey Limited, and (v) MBERP II (Luxembourg) 4 S.à r.l. in respect of the assignment of certain receivables between the parties thereto;(b) the contribution agreement made between MBERP II (Luxembourg) 4 S.à r.l. and MB Investor in the presence of QRW2 in respect of the contribution of certain receivables to MB Investor;(c) the contribution agreement made between MB Investor and JVC in the presence of QRW2 in respect of the contribution of certain receivables to JVC; and(d) the Lux Contribution Agreements.
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“B Share(s)”	the “B” share(s) of nominal value £1 (equivalent to approximately HK\$10) each in the capital of JVC having the rights and being subject to the restrictions set out in the articles of association of JVC and the JVC Shareholders’ Agreement
“Board”	the board of Directors
“Budget”	the initial budget for the JV Group and subsequently as updated, amended, supplemented or replaced from time to time
“Business Day”	a day (not being a Saturday or a Sunday or public holiday in the United Kingdom, Luxembourg or Hong Kong) on which banks generally are open in the United Kingdom, Luxembourg or Hong Kong for the transaction of normal banking business
“Business Plan”	the initial business plan for the JV Group and subsequently as updated, amended, supplemented or replaced from time to time

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“C Share(s)”	the “C” share(s) of nominal value £1 (equivalent to approximately HK\$10) each in the capital of JVC having the rights and being subject to the restrictions set out in the articles of association of JVC and the JVC Shareholders’ Agreement
“CC Contribution Agreement”	the contribution agreement dated 20 December 2019 and made between CC Investor, JVC and in the presence of QRW2 SPA Buyer in respect of the contribution of certain receivables by CC Investor to JVC
“CC Investor”	Win Mount Development Limited 凱峰發展有限公司, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company
“CCL Equity Contribution Guarantee”	the deed of guarantee and indemnity in respect of the CCL equity contribution dated 20 December 2019 and made between the Company and the Common Security Agent in connection with the Apollo Facilities
“Capital Surplus Account”	the capital surplus account (account 115 “capital contribution without the issuance of new shares in the company” of the Luxembourg standard chart of accounts dated 10 June 2009) of JVC
“Common Security Agent”	Trimont Real Estate Advisors, U.K., Ltd, being the common security trustee for certain secured parties under the Finance Documents
“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”	has the meaning ascribed to it in paragraph 2.3 in the Letter from the Board of this circular
“Cost Overrun Guarantee”	the deed of guarantee and indemnity in respect of development costs dated 20 December 2019 and made between the Company and the Common Security Agent in connection with the formation of joint venture contemplated under the JVC Shareholders’ Agreement
“D Share(s)”	the “D” share(s) of nominal value £1 (equivalent to approximately HK\$10) each in the capital of JVC having the rights and being subject to the restrictions set out in the articles of association of JVC and the JVC Shareholders’ Agreement
“DevCo”	Whiteley Devco Limited, a limited liability company incorporated in England and Wales, an indirect subsidiary of JVC
“Development Management Agreement”	the development management agreement in respect of the development of the Property dated 9 November 2018 and made between the Development Manager and QRW2 as amended and novated to DevCo by a deed of novation and amendment dated 20 December 2019
“Development Manager”	Finchatton Private LLP, an English limited liability partnership and an Independent Third Party
“Director(s)”	director(s) of the Company

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“E Share(s)”	the “E” share(s) of nominal value £1 (equivalent to approximately HK\$10) each in the capital of JVC having the rights and being subject to the restrictions set out in the articles of association of JVC and the JVC Shareholders’ Agreement
“F Share(s)”	the “F” share(s) of nominal value £1 (equivalent to approximately HK\$10) each in the capital of JVC having the rights and being subject to the restrictions set out in the articles of association of JVC and the JVC Shareholders’ Agreement
“Finance Documents”	the Apollo Facilities and all other related or ancillary finance and security documents designated as such by the Agent and Holdco 2, including the CCL Equity Contribution Guarantee, the Cost Overrun Guarantee and the Interest Shortfall Guarantee
“First Interest-Free Loan Agreement”	the interest-free loan agreement dated 20 December 2019 and made between CC Investor (as lender) and QRW2 SPA Buyer (as borrower) in respect of an interest-free loan in the aggregate principal amount of £18,767,306 (equivalent to approximately HK\$190,488,000)
“GBP” or “£”	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
“Holdco 1”	Whiteley Lux Holdco 1 S.à r.l., a private limited liability company (<i>société à responsabilité limitée</i>) existing and organised under the laws of the Grand Duchy of Luxembourg
“Holdco 2”	Whiteley Lux Holdco 2 S.à r.l., a private limited liability company (<i>société à responsabilité limitée</i>) existing and organised under the laws of the Grand Duchy of Luxembourg
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is (are) not connected person(s) (as defined under the Listing Rules) of the Company and is (are) independent of and not connected with the Company and its connected person(s)
“Initial Drawdown Period”	the period commencing on the date of the JVC Shareholders’ Agreement and expiring 24 months after the date of the JVC Shareholders’ Agreement, as may be deemed extended in accordance with the provisions of the JVC Shareholders’ Agreement
“Initial Funding Amount”	an amount equal to £163,094,470 (equivalent to approximately HK\$1,655,409,000)
“Interest Shortfall Guarantee”	the deed of guarantee and indemnity in respect of interests costs and carry cost shortfalls dated 20 December 2019 and made between the MB Fund II Entities and the Common Security Agent in connection with the Apollo Facilities

DEFINITIONS

“January 2020 Contribution”	has the meaning ascribed to it in paragraph 2.6 in the Letter from the Board of this circular
“JV Group”	JVC, PropCos and their respective subsidiaries (if any) from time to time
“JVC”	Whiteley JV S.à r.l., a private limited liability company (<i>société à responsabilité limitée</i>) existing and organised under the laws of the Grand Duchy of Luxembourg
“JVC Shareholders’ Agreement”	the JVC shareholders’ agreement dated 20 December 2019 and entered into among CC Investor, the Company, MB Investor and JVC in respect of the establishment, operation and management of JVC
“Latest Practicable Date”	20 January 2020, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information contained in this circular
“Lender Equity Contribution Guarantee Limit”	at the time, an amount that is equal to the Initial Funding Amount, being £163,094,470 (equivalent to approximately HK\$1,655,409,000) less (without double counting), among other things, the aggregate amount of all equity contributions which have been made in accordance with the CCL Equity Contribution Guarantee and the aggregate amount of any guarantee payments that have been made by or on behalf of the Company (as guarantor) in connection with the CCL Equity Contribution Guarantee at that time. As at the Latest Practicable Date, the Lender Equity Contribution Guarantee Limit was reduced by £3,067,469 (equivalent to approximately HK\$31,135,000) to £160,027,001 (equivalent to approximately HK\$1,624,274,000) as a result of the January 2020 Contribution which was an equity contribution as contemplated in and made pursuant to the terms of the CCL Equity Contribution Guarantee as disclosed in the Announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Lux Contribution Agreements”	(a) the contribution agreement dated 20 December 2019 and made between JVC and Holdco 1 in the presence of QRW2 and QRW2 SPA Buyer in respect of the contribution of certain receivables to Holdco 1; (b) the contribution agreement dated 20 December 2019 and made between Holdco 1 and Holdco 2 in the presence of QRW2 and QRW2 SPA Buyer in respect of the contribution of certain receivables to Holdco 2; and (c) the contribution agreement dated 20 December 2019 and made between Holdco 2 and QRW2 SPA Buyer in the presence of QRW2 in respect of the contribution of certain receivables to QRW2 SPA Buyer.
“Majority Shareholder”	Fame Seeker Holdings Limited (indirectly wholly owned by Mr. Cheung Chung Kiu, Chairman of the Board) which held 2,057,254,906 Shares, representing approximately 52.99% of the issued Shares as at the Latest Practicable Date

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“Manager”	a manager (<i>gérant</i>) of JVC
“MB Fund II Entities”	Meyer Bergman European Retail Partners II-TE, L.P. and Meyer Bergman European Retail Partners II-T, L.P.
“MB Investor”	MB Whiteleys S.à r.l., a private limited liability company (<i>société à responsabilité limitée</i>) existing and organised under the laws of the Grand Duchy of Luxembourg which is indirectly and wholly owned by the MB Fund II Entities
“Mezzanine Facility Agreement”	the mezzanine facility agreement dated 20 December 2019 and made between, among others, JVC as mezzanine holdco, Holdco 1 as borrower, the original lenders listed therein, the Agent and the Common Security Agent in respect of a mezzanine facility provided to Holdco 1
“Obligors”	the obligors under the Senior Facilities Agreement and Mezzanine Facility Agreement, being collectively, QRW2; Whiteley Affordable Limited; Whiteley Cinema Limited; DevCo; Whiteley Hotel Apartments Limited; Whiteley Hotel Manco Limited; Whiteley Hotel Propco Limited; Whiteley Penthouse North Limited; Whiteley Penthouse South Limited; Whiteley Manco Limited; Whiteley Quadruplex Limited; Whiteley Residential Blocker Limited; Whiteley Retail Limited; JVC; Holdco 1; Holdco 2 and QRW2 SPA Buyer
“Priority Loan”	a contribution in the form of a loan to JVC, with such loan carrying an entitlement to a return on a priority basis, together with a cumulative annual preferred return thereon calculated at a rate agreed between MB Investor and CC Investor
“PropCos”	collectively, Holdco 1, Holdco 2, QRW2 SPA Buyer, QRW2, Whiteley Hotel PropCo Limited, Whiteley Hotel ManCo Limited, DevCo, Whiteley Manco Limited, Whiteleys Cinema Limited, Whiteley Penthouse South Limited, Whiteley Retail Limited, Whiteley Penthouse North Limited, Whiteley Hotel Apartments Limited, Whiteley Quadruplex Limited, Whiteley Affordable Limited, Whiteley Residential Blocker Limited and Whiteleys Bowling Limited
“Property”	Whiteleys Centre, Queensway, London W2 4YN
“QRW2”	Queens Road W2 Limited, a limited liability company registered in Hong Kong and the legal and beneficial owner of the freehold interest in the Property
“QRW2 Seller Loan Amount”	the aggregate amount (including accrued interest) owing by QRW2 and Whiteleys Bowling Limited to QRW2 SPA Seller and its affiliates on 20 December 2019 immediately prior to entry into of the Assignment and Set-Off Documents
“QRW2 Share Sale Amount”	£1 (equivalent to approximately HK\$10), being £212,993,469 (equivalent to approximately HK\$2,161,884,000) less the QRW2 Seller Loan Amount
“QRW2 SPA”	the sale and purchase agreement dated 20 December 2019 and entered into among QRW2 SPA Buyer, QRW2 SPA Seller and CC Investor for the sale and purchase of the entire issued share capital of QRW2

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“QRW2 SPA Buyer”	Whiteley Lux HoldCo 3 S.à r.l., a private limited liability company (<i>société à responsabilité limitée</i>) existing and organised under the laws of the Grand Duchy of Luxembourg, established as the acquisition vehicle for the transaction contemplated under the QRW2 SPA and an indirect wholly owned subsidiary of JVC
“QRW2 SPA Seller”	MB Whiteleys Lux NewCo S.à r.l., a private limited liability company (<i>société à responsabilité limitée</i>) existing and organised under the laws of the Grand Duchy of Luxembourg which was indirectly and wholly owned by the MB Fund II Entities, and seller under the QRW2 SPA
“QRW2 Waiver Letter”	the waiver letter dated 19 December 2019 and made between QRW2 SPA Seller and QRW2 pursuant to which QRW2 SPA Seller released QRW2 from debts owed to QRW2 SPA Seller
“Relevant Proportion”	in relation to a shareholder of JVC, the total number of D Shares held by that shareholder divided by the total number of D Shares in issue, expressed as a percentage, at the relevant time (and, upon Completion and as at the Latest Practicable Date, was 53.92% in respect of MB Investor and 46.08% in respect of CC Investor)
“Second Interest-Free Loan Agreement”	the interest-free loan agreement dated 20 December 2019 and made between CC Investor (as lender) and JVC (as borrower) in respect of an interest-free loan in the aggregate principal amount of £138,224 (equivalent to approximately HK\$1,403,000)
“Senior Facilities Agreement”	the senior facilities agreement dated 20 December 2019 and made between, among others, Holdco 2 as holdco, the Senior Facilities Borrowers, the original lenders listed therein, the Agent and the Common Security Agent in respect of certain senior facilities provided to the Senior Facilities Borrowers
“Senior Facilities Borrowers”	collectively, QRW2; Whiteley Affordable Limited; Whiteley Cinema Limited; DevCo; Whiteley Hotel Apartments Limited; Whiteley Hotel Manco Limited; Whiteley Hotel Propco Limited; Whiteley Penthouse North Limited; Whiteley Penthouse South Limited; Whiteley Manco Limited; Whiteley Quadruplex Limited; Whiteley Residential Blocker Limited and Whiteley Retail Limited
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transactions contemplated under the JVC Shareholders’ Agreement (namely, the formation of joint venture including the provision of financial assistance by the Company in connection with such formation)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

In this circular and the Announcement, GBP or £ has been converted to HK\$ at the rate of GBP1 or £1 = HK\$10.15 for illustration purpose only. No representation is made that any amounts in £ or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.



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

(Stock Code: 1224)

Executive Directors:

Mr. Cheung Chung Kiu (*Chairman*)
Dr. Lam How Mun Peter (*Deputy Chairman & Managing Director*)
Mr. Wong Chi Keung (*Deputy Chairman*)
Mr. Leung Chun Cheong
Mr. Leung Wai Fai

Independent Non-Executive Directors:

Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

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Hong Kong

24 January 2020

To Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
FORMATION OF JOINT VENTURE

1. INTRODUCTION

Reference is made to the Announcement. On 20 December 2019 (United Kingdom time) and after trading hours in Hong Kong, CC Investor, the Company, MB Investor and JVC entered into the JVC Shareholders' Agreement for the establishment, operation and management of JVC, whose principal businesses are outlined in the section entitled "Principal businesses of JVC" below. The purpose of this circular is to provide you with, among others, (i) further details on the Transaction; (ii) financial information of the Group; and (iii) other information as required under the Listing Rules.

2. FORMATION OF JOINT VENTURE

The principal terms of the JVC Shareholders' Agreement are summarised as follows:

2.1 Date

20 December 2019 (United Kingdom time)

LETTER FROM THE BOARD

2.2 Parties

- (i) JVC
- (ii) MB Investor
- (iii) CC Investor
- (iv) the Company

CC Investor is an indirect wholly owned subsidiary of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, MB Investor and its ultimate beneficial owners (information on whose identities is more particularly described in the section entitled "Information on MB Investor" below) are Independent Third Parties.

2.3 Completion/Formation of joint venture

The joint venture contemplated under the JVC Shareholders' Agreement was formed on 20 December 2019 as part of the transactions contemplated under the JVC Shareholders' Agreement and the Finance Documents which completed immediately following the entry into of the JVC Shareholders' Agreement on 20 December 2019 ("**Completion**").

2.4 Principal businesses of JVC

The purpose of the establishment of JVC is to (i) own (either directly or indirectly as the case may be) the shares in PropCos and (by virtue of JVC's ownership of the shares in PropCos) the Property; and (ii) carry out the redevelopment of the Property to provide a mixed use development comprising residential, retail, hotel and leisure and associated uses in accordance with the Business Plan and the Budget (together, the "**Business**").

Upon Completion, QRW2 SPA Buyer acquired the entire issued share capital of QRW2 from QRW2 Seller pursuant to the QRW2 SPA for the QRW2 Share Sale Amount which was satisfied in full by QRW2 SPA Seller, QRW2 and QRW2 SPA Buyer performing their respective obligations under the Assignment and Set-Off Documents and the QRW2 Waiver Letter. CC Investor was only a party to the QRW2 SPA for the purpose of receiving the benefit of (i) certain customary warranties provided by QRW2 SPA Seller in respect of certain information in relation to QRW2 and the Property (including, among other things, QRW2 SPA Seller, QRW2 and its subsidiary (the "**QRW2 Group**") and the QRW2 Group's liabilities and assets including the Property); and (ii) tax indemnity covenant provided by QRW2 SPA Seller in relation to tax liabilities for the period prior to Completion. The QRW2 SPA Seller's liability under the warranties and tax covenant is limited to £1 (equivalent to approximately HK\$10) save in the case of fraud. A warranty and indemnity insurance policy (the "**W&I Policy**") has therefore been put in place for the benefit of CC Investor so that in the event of a claim under the QRW2 SPA for breach of warranty or the tax covenant of which CC Investor was unaware at the date of the QRW2 SPA, CC Investor's recourse is to claim under this W&I Policy (subject to the terms and exclusions of the W&I Policy). In addition to the W&I Policy, CC Investor has the benefit of a top up asset protection policy in relation to the title to the shares and the Property (the "**Top Up Title Policy**"). The Top Up Title Policy provides additional coverage for breach of the warranties in the QRW2 SPA relating to ownership of the shares and ownership of the Property (but not the other warranties or tax covenant).

LETTER FROM THE BOARD

QRW2 SPA Seller

QRW2 SPA Seller is a private limited liability company (*société à responsabilité limitée*) existing and organised under the laws of the Grand Duchy of Luxembourg and is indirectly and wholly owned by the MB Fund II Entities. The principal business of QRW2 SPA Seller is investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, QRW2 SPA Seller, the MB Fund II Entities and their ultimate beneficial owners (information on whose identities is more particularly described in the section entitled "Information on MB Investor" below) are Independent Third Parties.

QRW2 SPA Buyer

QRW2 SPA Buyer is a private limited liability company (*société à responsabilité limitée*) existing and organised under the laws of the Grand Duchy of Luxembourg and is an indirect wholly owned subsidiary of JVC. It was established as the acquisition vehicle for the transaction contemplated under the QRW2 SPA.

QRW2

QRW2 is a limited liability company registered in Hong Kong but tax resident in England and is, upon Completion, an indirect wholly owned subsidiary of JVC. It is the legal and beneficial owner of the freehold interest in the Property (and together with other PropCos, the legal and beneficial owner of all interests in the Property). The principal business of QRW2 is property investment and development.

The Property

The Property is located in Queensway, London W2 4YN. It is approximately a 3.3-acre site which was once the first department store in London. More recently in the 1980's, it was redeveloped into a shopping centre. The current proposal of the Business is for the Property to be transformed into 153 apartments, a 5-star hotel and retail space with a mix of independent retailers, a state-of-art gym, cinema, restaurants and cafes, offering an unparalleled regeneration opportunity in prime Central London. The redevelopment is currently expected to complete in early 2023.

2.5 Initial subscription of share capital

Pursuant to the terms of the JVC Shareholders' Agreement, JVC was established to act as the ultimate holding company of PropCos and, indirectly through PropCos, to own and develop the Property on the terms set out thereunder.

Provision of CC Interest-Free Loans by CC Investor and subscription of shares in JVC by way of contribution of the CC Interest-Free Loans to JVC

Upon Completion, CC Investor entered into each of the First Interest-Free Loan Agreement, the Second Interest-Free Loan Agreement and the CC Contribution Agreement, a summary of which is as follows:

- (i) CC Investor (as lender) and QRW2 SPA Buyer (as borrower) entered into the First Interest-Free Loan Agreement, pursuant to which CC Investor provided a loan to QRW2 SPA Buyer in the aggregate principal amount of £18,767,306 (equivalent to approximately HK\$190,488,000) (the "**First CC Interest-Free Loan**"). The First CC Interest-Free Loan bears no interest and QRW2 SPA Buyer shall repay the First CC Interest-Free Loan to CC Investor in full on 31 March 2020.

LETTER FROM THE BOARD

- (ii) CC Investor (as lender) and JVC (as borrower) entered into the Second Interest-Free Loan Agreement, pursuant to which CC Investor provided a loan to JVC in the aggregate principal amount of £138,224 (equivalent to approximately HK\$1,403,000) (the “**Second CC Interest-Free Loan**”, together with the First CC Interest-Free Loan, the “**CC Interest-Free Loans**”). The Second CC Interest-Free Loan bears no interest and JVC shall repay the Second CC Interest-Free Loan to CC Investor in full on 31 March 2020.
- (iii) CC Investor (as contributor) and JVC (as issuer) in the presence of QRW2 SPA Buyer entered into the CC Contribution Agreement, pursuant to which CC Investor agreed to contribute and transfer the benefit of the First Interest-Free Loan Agreement and the Second Interest-Free Loan Agreement to JVC in exchange for (i) the issue of 189,009 A Shares (representing 100% of the total issued A Shares as at the date of the JVC Shareholders’ Agreement and 86.04% of the total issued A Shares as at the Latest Practicable Date), 1 C Share (representing 50% of the total issued C Shares as at the Latest Practicable Date), 4,608 D Shares (representing 46.08% of the total issued D Shares as at the Latest Practicable Date), 25 E Shares (representing 25% of the total issued E Shares as at the Latest Practicable Date) and 1 F Share (representing 50% of the total issued F Shares as at the Latest Practicable Date) all at their respective nominal values; and (ii) the allocation of £18,711,886 (equivalent to approximately HK\$189,926,000) to the share premium account of JVC.
- (iv) Upon completion, by virtue of the arrangements between, among others, CC Investor, JVC, Holdco 1, Holdco 2 and QRW2 SPA Buyer set out in the CC Contribution Agreement and the Lux Contribution Agreements, the CC Interest-Free Loans were capitalised and ultimately extinguished by way of amalgamation.

The provision of the CC Interest-Free Loans was funded by the Company’s internal resources in cash.

Initial subscription of share capital by MB Investor

Upon Completion, by virtue of the arrangements between, among others, JVC, QRW2 SPA Buyer and MB Investor set out in the Assignment and Set-Off Documents and the QRW2 Waiver Letter, MB Investor was deemed to have contributed £212,993,469 (equivalent to approximately HK\$2,161,884,000) to JVC (the “**MB Investor Initial Contributions**”) and was issued (i) 2,129,880 B Shares (representing approximately 99.44% of the total issued B Shares as at the Latest Practicable Date) at a nominal value of £1 each (equivalent to approximately HK\$10), with an amount equal to £210,858,120 (equivalent to approximately HK\$2,140,210,000) allocated to the share premium account of JVC, and (ii) 1 C Share (representing 50% of the total issued C Shares as at the Latest Practicable Date), 5,392 D Shares (representing 53.92% of the total issued D Shares as at the Latest Practicable Date), 75 E Shares (representing 75% of the total issued E Shares as at the Latest Practicable Date) and 1 F Share (representing 50% of the total issued F Shares as at Latest Practicable Date) all at their respective nominal values.

Immediately following the execution of the JVC Shareholders’ Agreement, all of the 12,000 shares with a nominal value of £1 (equivalent to approximately HK\$10) each previously held by MB Investor immediately prior to the execution of the JVC Shareholders’ Agreement were converted into 12,000 B Shares (representing approximately 0.56% of the total issued B Shares as at the Latest Practicable Date and, together with the 2,129,880 B Shares issued to MB Investor referred to above, representing 100% of the total issued B Shares as at the Latest Practicable Date).

The respective arm’s length negotiated arrangements on voting, dividend and/or return of capital rights attaching to the different classes of shares in the capital of JVC are as defined in the JVC Shareholders’ Agreement and the articles of association of JVC.

LETTER FROM THE BOARD

The purpose of the different classes of shares in the capital of JVC is to implement arm's length negotiated arrangements in relation to control over and economics arising from JVC between CC Investor and MB Investor. The C Shares are used to implement the control rights (and do not carry any economic rights) (as detailed in the section entitled "Voting arrangement" below) and the A Shares, B Shares, D Shares, E Shares and F Shares are used to implement the economic rights (and do not carry any control rights) (as detailed in the section entitled "Return of capital and profit distribution" below). In particular, CC Investor and MB Investor subscribed for D Shares in a ratio which reflects the ratio between an amount of £212,993,469 (equivalent to approximately HK\$2,161,884,000) funded by MB Investor (as detailed in this section entitled "Initial subscription of share capital – Initial subscription of share capital by MB Investor") and the aggregate amount of £182,000,000 (equivalent to approximately HK\$1,847,300,000) funded by the CC Investor (as detailed in the section entitled "Initial subscription of share capital – Provision of CC Interest-Free Loans by CC Investor and subscription of shares in JVC by way of contribution of the CC Interest-Free Loans to JVC" above) and to be funded by CC Investor (as detailed in the section entitled "Contributions" below).

JVC will be accounted for as a 50:50 joint venture (and not a subsidiary) of the Company using equity accounting method in the consolidated financial statements of the Group by virtue of CC Investor's 50% voting rights in JVC, as detailed in the section entitled "Voting arrangement" below.

2.6 Contributions

If, at any time during the Initial Drawdown Period and only until the Initial Funding Amount has been contributed by CC Investor, any Manager determines (acting reasonably and with due consideration of the recommendation of the Development Manager) that additional funds are required by JVC in excess of the available cash resources (to the extent of such excess, a "**CC Initial Funding Amount**"), for any reason in relation to the Business, provided that the requirements set out in the JVC Shareholders' Agreement are satisfied, up to an aggregate amount equal to the Initial Funding Amount, CC Investor shall be, during the Initial Drawdown Period, irrevocably and unconditionally committed to provide any such CC Initial Funding Amount by making further contributions to JVC by subscribing for A Shares (a "**CC Initial Funding Contribution**") until the CC Initial Funding Contribution in aggregate made by CC Investor equal the Initial Funding Amount. If at the expiry of the Initial Drawdown Period the full Initial Funding Amount has not been called, CC Investor will fund the residual amount of the Initial Funding Amount (the "**Residual Amount**").

As at the Latest Practicable Date, CC Investor had made further contributions to JVC of an aggregate amount of £3,067,469 (equivalent to approximately HK\$31,135,000) in exchange for (i) the issue of further 30,675 A Shares (representing 13.96% of the total issued A Shares as at the Latest Practicable Date) at their respective nominal values and (ii) the allocation of £3,036,794 (equivalent to approximately HK\$30,824,000) to the share premium account of JVC and, accordingly, £3,067,469 (equivalent to approximately HK\$31,135,000) of the Initial Funding Amount had been contributed (the "**January 2020 Contribution**").

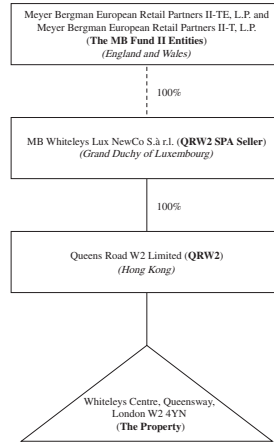
The Company has financed or will finance the CC Initial Funding Contribution (including the Residual Amount) under the JVC Shareholders' Agreement by the Company's internal resources in cash.

To the extent additional funding is required by JVC, generally, each of CC Investor and MB Investor has the option (but no obligation) to fund its pro rata portion (by reference to its Relevant Proportion) of such additional funding and, to the extent the other party elects not to fund all or part of its pro rata portion of such additional funding, to also fund the other party's unfunded pro rata proportion. Any such amounts will be funded through either Priority Loans or the subscription for F Shares.

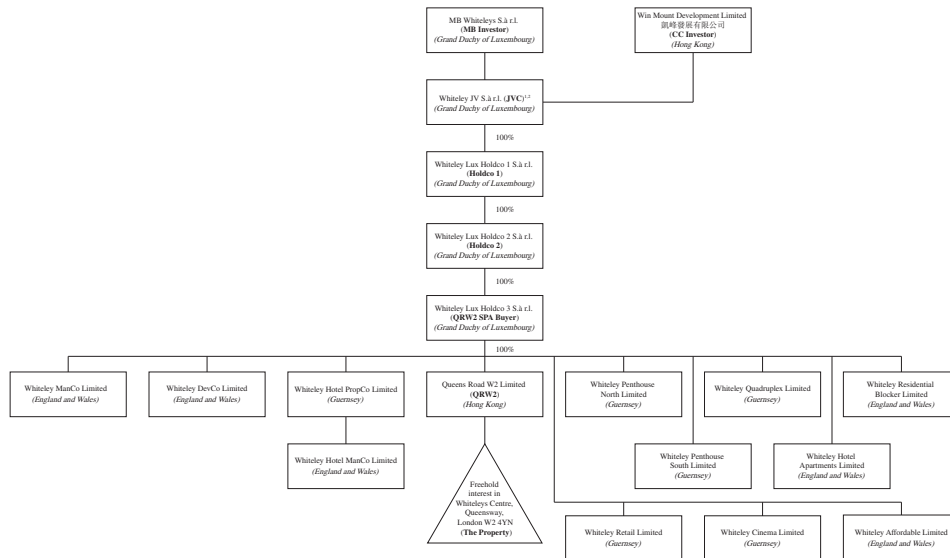
LETTER FROM THE BOARD

The corporate shareholding structures of the above before and immediately after Completion can be diagrammatically presented as follows:

Before



After



Notes:

- Information on the shareholding of JVC is more particularly described in the sections entitled “Initial subscription of share capital – Provision of CC Interest-Free Loans by CC Investor and subscription of shares in JVC by way of contribution of the CC Interest-Free Loans to JVC” and “Initial subscription of share capital – Initial subscription of share capital by MB Investor” above.
- Upon Completion, each of MB Investor and CC Investor shall have at any time, during the subsistence of and subject to the default provisions in the JVC Shareholders’ Agreement, 50% of the voting rights of JVC by virtue of their respective holdings of 1 C Share each.

LETTER FROM THE BOARD

2.7 Provision of financial assistance by the Company

In connection with the formation of joint venture contemplated under the JVC Shareholders' Agreement, JVC has sought external financing pursuant to the Finance Documents. Upon Completion, the Company provided certain guarantees or financial assistance, a summary of which is as follows:

MB Investor IFA Guarantee

In connection with the formation of joint venture contemplated under the JVC Shareholders' Agreement and upon Completion, the Company unconditionally and irrevocably agreed to guarantee and indemnify JVC (the "**MB Investor IFA Guarantee**") for, the due and punctual performance and observance by CC Investor of the payment obligation in respect of the Initial Funding Amount (as detailed in the section headed "Contributions" above). The liability of the Company is limited to an aggregate amount equal to such Initial Funding Amount.

Any reduction in the Lender Equity Contribution Guarantee Limit, except as a result of the Company providing an eligible letter of credit, shall immediately give rise to a corresponding reduction in the aggregate liability of the Company under the MB Investor IFA Guarantee. As at the Latest Practicable Date, as a result of the January 2020 Contribution and the subsequent reduction in the Lender Equity Contribution Guarantee Limit, the aggregate liability of the Company under the MB Investor IFA Guarantee was reduced by £3,067,469 (equivalent to approximately HK\$31,135,000) to £160,027,001 (equivalent to approximately HK\$1,624,274,000) as contemplated in and made pursuant to the terms of the JVC Shareholders' Agreement as disclosed in the Announcement.

For the avoidance of doubt, the MB Investor IFA Guarantee will cease upon the making of the equity contributions of the Initial Funding Amount contemplated under the JVC Shareholders' Agreement by CC Investor or CC Guarantor.

In support of the obligations of the Obligor (all being members of the JV Group) under the Finance Documents, upon Completion, the Company also executed (i) the Cost Overrun Guarantee; and (ii) the CCL Equity Contribution Guarantee, a summary of which is as follows:

(i) CCL Equity Contribution Guarantee

In connection with the formation of joint venture contemplated under the JVC Shareholders' Agreement and upon Completion, the Company executed the CCL Equity Contribution Guarantee in favour of the Common Security Agent in respect of CC Investor's payment obligations in relation to the aggregate amount of its equity contributions contemplated under the JVC Shareholders' Agreement (being an amount equal to the Initial Funding Amount) (as detailed in the section headed "Contributions" above) on an interest-free and unsecured basis of up to the Lender Equity Contribution Guarantee Limit.

Any reduction in the Lender Equity Contribution Guarantee Limit shall give rise to a corresponding reduction in the aggregate liability of the Company under the CCL Equity Contribution Guarantee. As at the Latest Practicable Date, as a result of the January 2020 Contribution and the subsequent reduction in the Lender Equity Contribution Guarantee Limit, the aggregate liability of the Company under the CCL Equity Contribution Guarantee was reduced by £3,067,469 (equivalent to approximately HK\$31,135,000) to £160,027,001 (equivalent to approximately HK\$1,624,274,000) as contemplated in and made pursuant to the terms of the CCL Equity Contribution Guarantee as disclosed in the Announcement.

LETTER FROM THE BOARD

For the avoidance of doubt, the CCL Equity Contribution Guarantee will cease upon the making of the equity contributions of the Initial Funding Amount contemplated under the JVC Shareholders' Agreement by CC Investor provided those equity contributions are notified and applied in accordance with the terms of the CCL Equity Contribution Guarantee.

(ii) *Cost Overrun Guarantee*

In connection with the formation of joint venture contemplated under the JVC Shareholders' Agreement and upon Completion, the Company entered into the Cost Overrun Guarantee in favour of the Common Security Agent in respect of the JV Group's obligations to fund development costs and cost overruns (as applicable) relating to the development of the Property under the Finance Documents on an interest-free and unsecured basis of up to a maximum amount of £82,500,000 (equivalent to approximately HK\$837,375,000). MB Investor shall pay a commission computed at a pre-agreed rate in respect of MB Investor's Relevant Proportion of the guaranteed amount outstanding from time to time under the Cost Overrun Guarantee to CC Investor. The pre-agreed rate was agreed pursuant to a commercial and arm's length negotiations between MB Investor and CC Investor taking into consideration (i) the benefits the Cost Overrun Guarantee would provide to JVC and thus an affiliate of CC Guarantor through its interest in JVC; (ii) the ability and/or availability of each shareholder and its affiliates or other sources to provide the Cost Overrun Guarantee and the terms upon which those entities would be likely to provide the Cost Overrun Guarantee; and (iii) the likelihood of the Cost Overrun Guarantee being called upon.

The Company's commitment under the Cost Overrun Guarantee is a conditional commitment which is primarily meant to be called on if the Obligors fail to pay development costs or cost overruns which are guaranteed under the Cost Overrun Guarantee when those amounts become due in accordance with the Finance Documents. The term of the Cost Overrun Guarantee commenced on 20 December 2019 and, in general terms, terminates on the earlier of (i) the time at which the main development of the Property has been certified as complete in accordance with the terms of the Finance Documents; and (ii) the time at which the maximum amount recoverable under the Cost Overrun Guarantee (being £82,500,000 (equivalent to approximately HK\$837,375,000)) has been paid or otherwise contributed in accordance with the terms of the Cost Overrun Guarantee.

2.8 Provision of financial assistance by MB Fund II Entities

Upon Completion, the MB Fund II Entities acting through their managing general partner, Meyer Bergman European Retail Partners II GP Limited executed the Interest Shortfall Guarantee in favour of the Common Security Agent in respect of interest costs and carry cost shortfalls of up to a maximum amount of £32,500,000 (equivalent to approximately HK\$329,875,000). CC Investor shall pay a commission computed at a pre-agreed rate in respect of CC Investor's Relevant Proportion of the guaranteed amount outstanding from time to time under the Interest Shortfall Guarantee to MB Investor. The pre-agreed rate was agreed pursuant to a commercial and arm's length negotiations between the MB Investor and CC Investor taking into consideration substantially similar factors that were considered by the CC Guarantor in relation to the Cost Overrun Guarantee (as detailed in the section entitled "Provision of financial assistance by the Company – (ii) Cost Overrun Guarantee" above).

The MB Fund II Entities' commitment under the Interest Shortfall Guarantee is a conditional commitment which is primarily meant to be called on if the Obligors fail to pay interest costs or carry costs which are guaranteed under the Interest Shortfall Guarantee when those amounts become payable under the Finance Documents. The term of the Interest Shortfall Guarantee commenced on 20 December 2019 and, in general terms, terminates on the earlier of (i) the date on which all guaranteed obligations have been discharged in accordance with the terms of the Finance Documents; and (ii) the time at which the maximum amount recoverable under the Interest Shortfall Guarantee has been paid, otherwise contributed or reduced in accordance with the terms of the Interest Shortfall Guarantee.

LETTER FROM THE BOARD

2.9 Basis for determination of the initial subscription of share capital, the Initial Funding Amount under the CC Initial Funding Contribution and financial assistance

The respective amounts of initial subscription of share capital in JVC by each of CC Investor (by way of contribution of the CC Interest-Free Loans to JVC) and MB Investor, the Initial Funding Amount under the CC Initial Funding Contribution and the financial assistance from the Company and MB Fund II Entities were arrived at after arm's length negotiations among the parties to the JVC Shareholders' Agreement with reference including but not limited to (i) the current real property market in London and in particular Queensway where the Property is located; (ii) the capital requirement for the development of the Property, the actual and anticipated project costs and the projected returns; (iii) the total capital commitment each of CC Investor and MB Investor is required to contribute upon Completion and at any time during the Initial Drawdown Period; (iv) the MB Investor Initial Contributions, which reflects the aggregate of the acquisition cost of the Property and the costs which were incurred in the initial stages of developing the Property prior to its transfer to JVC; and (v) JVC's potential return of capital and profit distribution to shareholders of JVC.

The Board considers the respective amounts of initial subscription of share capital in JVC by CC Investor (by way of contribution of CC Interest-Free Loans to JVC), the Initial Funding Amount under the CC Initial Funding Contribution and the financial assistance from the Company were determined on an arm's length basis and on normal commercial terms.

2.10 Board of JVC

The maximum number of Managers of JVC shall be four. Each of MB Investor and CC Investor may nominate a maximum of two persons as Managers.

2.11 Day-to-day management of the development of the Property

One of the PropCos, DevCo, will be responsible for the general day-to-day management and development of the Property including the supervision of and co-ordination with the Development Manager in respect of the Development Manager's duties and obligations under the Development Management Agreement in accordance with the Business Plan and the Budget. Certain material decisions in connection with the development are reserved matters and will require the approval of the shareholders of JVC. The Development Management Agreement, the existing building contracts and professional team appointments have been (or will be) novated by QRW2 to DevCo.

2.12 Voting arrangement

Pursuant to the JVC Shareholders' Agreement, MB Investor and CC Investor in their capacity of being holders of A Shares, B Shares, D Shares, E Shares and/or F Share(s) (as the case may be) agree to waive their respective voting rights in their capacity as such. Upon Completion, each of MB Investor and CC Investor shall accordingly have at any time, during the subsistence of and subject to the default provisions in the JVC Shareholders' Agreement, 50% of the voting rights of JVC by virtue of its holding of 1 C Share each.

2.13 Deadlock

In the event there is a failure to obtain unanimous approval of the shareholders of JVC in respect of a reserved matter specified in the JVC Shareholders' Agreement (a "**Deadlock**"), the shareholders of JVC shall each escalate the discussions on such matter to the senior management within their respective organisations to attempt to reach resolution of or agreement on such matter.

LETTER FROM THE BOARD

In the absence of resolution or agreement by the senior management of the shareholders of JVC within 15 Business Days of the Deadlock (the “**Initial Escalation Period**”), the shareholders of JVC shall escalate the discussions on the relevant matter to the representatives nominated by each of the CC Investor and MB Investor set forth in the JVC Shareholders’ Agreement, and use reasonable endeavours to procure that an in-person meeting between such individuals is convened and, where it is not possible to procure an in-person meeting, procure that a conference call between such individuals is convened, to attempt to reach resolution of or agreement on such matter (an “**Escalation Meeting**”).

In the absence of resolution or agreement in an Escalation Meeting within 15 Business Days following the end of the Initial Escalation Period, (i) the relevant matter or course of action set out in the Business Plan and/or the Budget will be implemented without revision or amendment or, if such matter or course of action is not covered by the Business Plan and/or the Budget, such matter or course of action will not be implemented (the “**Status Quo**”), until the expiry of the Initial Drawdown Period (or, if earlier, the date on which the CC Investor has fully funded the Initial Funding Amount) (the “**First Key Date**”); (ii) following the First Key Date and until the earlier of 30 June 2023 or such later date for practical completion as may be included in the then current Business Plan (the “**Second Key Date**”), if there has been no material advancement in the development of the Property for at least three months following the Deadlock (the “**NMA Event**”), as determined by CC Investor and MB Investor (by unanimous agreement in writing) or, if CC Investor and MB Investor are unable to agree whether there has been an NMA Event within 15 Business Days of the date falling three months following the Deadlock, as determined by the project monitor (as set forth in the Apollo Facilities), there shall be a buy/sell event (a “**Buy/Sell Event**”), or otherwise, the Status Quo will prevail; and (iii) at any time following the Second Key Date, there shall be a Buy/Sell Event as described in the JVC Shareholders’ Agreement.

2.14 Return of capital and profit distribution

The Managers and/or the shareholders of JVC shall cause JVC to distribute distributable cash in accordance with the JVC Shareholders’ Agreement promptly after receipt thereof with the goal of maximising the return generated by investment in JVC by the shareholders of JVC. Subject to certain adjustments detailed in the JVC Shareholders’ Agreement, a summary of which is as follows:

- (i) first, if and to the extent there has been any Priority Loan(s), to the shareholders of JVC making such Priority Loan(s) pro rata on the basis of the amount of each Priority Loan so funded, and if more than one Priority Loan has been funded, then to the first of such Priority Loans funded and then sequentially until the last funded, until such Priority Loan(s) and all related interest and expenses (including expenses of JVC) are fully repaid;
- (ii) second, to CC Investor until it has received aggregate distributions on its A Shares (excluding, for the avoidance of doubt, distributions in repayment of any Priority Loans) of an amount equal to the contributions it has made to JVC by way of A Shares;
- (iii) third, to CC Investor until it has received aggregate distributions on its A Shares (excluding, for the avoidance of doubt, distributions in repayment of any Priority Loans) to generate a return equal to a preferred return agreed between CC Investor and MB Investor on the contributions CC Investor has made to JVC by way of A Shares;
- (iv) fourth, to the shareholders of JVC that hold F Share(s) until they have each received aggregate distributions on their respective F Share(s) (excluding, for the avoidance of doubt, distributions in repayment of any Priority Loans) of an amount equal to the contributions each of them has made to JVC by way of F Share(s);

LETTER FROM THE BOARD

- (v) fifth, to the shareholders of JVC that hold F Share(s) until they have each received aggregate distributions on their respective F Share(s) (excluding, for the avoidance of doubt, distributions in repayment of any Priority Loans) to generate a return equal to preferred return agreed between CC Investor and MB Investor on the contributions each has made to JVC by way of F Share(s);
- (vi) sixth, to MB Investor until it has received aggregate distributions on its B Shares (excluding, for the avoidance of doubt, distributions in repayment of any Priority Loans) of an amount equal to the contributions it has made to JVC by way of B Shares;
- (vii) seventh, to repay any amounts in the Capital Surplus Account pro rata on the basis of the aggregate amounts contributed by each shareholder of JVC to the Capital Surplus Account;
- (viii) eighth, on a pro rata basis between the shareholders of JVC that hold D Shares until CC Investor has received aggregate distributions on its A Shares, D Shares and F Share(s) (excluding, for the avoidance of doubt, distributions in repayment of any Priority Loans) to generate a return equal to a hurdle agreed between CC Investor and MB Investor on the contributions each has made to JVC by way of A Shares, D Shares and F Share(s); and
- (ix) ninth, on a pro rata basis between the shareholders of JVC that hold E Shares.

JVC and each of the shareholders of JVC shall exercise their respective powers as shareholders or otherwise (insofar as it is able to do so by the exercise of such powers) so as to procure that each PropCo, to the extent permitted by law and in accordance with each PropCo's governing documents, will make distributions to its direct shareholder promptly after receipt of any distributable cash.

2.15 Other provisions

The JVC Shareholders' Agreement also sets forth other customary and arm's length negotiated provisions regulating the parties' relationship as shareholders of JVC, including, amongst others, restrictions on share transfers, lock-in periods, default in performance and termination arrangements.

3. INFORMATION ON MB INVESTOR

MB Investor is a private limited liability company (*société à responsabilité limitée*) existing and organised under the laws of the Grand Duchy of Luxembourg and is indirectly wholly owned by the MB Fund II Entities. The MB Fund II Entities are managed by Meyer Bergman European Retail Partners II GP Limited, acting as general partner, which is indirectly controlled by Mr. Marcus Meijer. The MB Fund II Entities were established on 14 November 2011.

The principal business of MB Investor is to invest in and hold shares in JVC. MB Investor is advised by Meyer Bergman, which is a privately held real estate investment management firm. Meyer Bergman targets under-managed or under-utilised properties across major markets in Europe, typically in off-market transactions sourced through its extensive network. It manages these actively to deliver attractive returns to MB Investor's investors, which include leading pension funds, sovereign wealth funds, endowments and asset managers.

4. INFORMATION ON CC INVESTOR AND THE GROUP

CC Investor is a company incorporated in Hong Kong with limited liability and is an indirect wholly owned subsidiary of the Company. CC Investor has been established for the purpose of engaging in investment holding and property investment, its first such activity being the entry into and performance of the JVC Shareholders' Agreement. The principal businesses of the Group are property development and investment, as well as treasury investments.

LETTER FROM THE BOARD

5. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Board considers that the successful formation of joint venture contemplated under the JVC Shareholders' Agreement and the acquisition of the Property by JVC have offered the Group with the opportunity to further diversify its investment portfolio into key gateway international cities such as London. The Property will be redeveloped as a prime residential and commercial property to transform the northern end of Queensway, London W2 and bring much needed investment to a location which is within walking distance of Hyde Park and Notting Hill in Central London. Through working with MB Investor on the redevelopment of the Property, the Directors believe that the redevelopment works would enhance the image and attractiveness of the Property which would allow it to deliver an enhanced residential and retail experience and new leisure facilities. The Board believes that its participation in JVC will enable the Group to generate a stable, strong and recurring cash flow of rental income and, at disposal stage, sales proceeds and return for the Group.

In addition, the provision of financial assistance by the Company pursuant to the Finance Documents and the JVC Shareholders' Agreement ensures that JVC will have sufficient funding for the redevelopment of the Property.

The Directors consider that the terms of the Transaction have been negotiated on an arm's length basis and the Transaction is on normal commercial terms which when considered in totality are fair and reasonable and in the interests of the Group and the Shareholders taken as a whole.

6. FINANCIAL EFFECT OF THE TRANSACTION

JVC will be accounted for as a 50:50 investment in joint venture (and not a subsidiary) of the Company using an equity accounting method in the consolidated financial statements of the Group.

7. GENERAL

For the purposes of calculating the consideration ratio pursuant to Listing Rule 14.15(2), the value of the consideration shall be an aggregate of the Company's total capital commitment and the financial assistance provided by the Company in connection with the formation of joint venture contemplated under the JVC Shareholders' Agreement, as detailed in the sections entitled "Initial subscription of share capital – Provision of CC Interest-Free Loans by CC Investor and subscription of shares in JVC by way of contribution of the CC Interest-Free Loans to JVC", "Contributions" and "Provision of financial assistance by the Company" above.

As one or more of the applicable percentage ratios calculated pursuant to Listing Rules 14.07 and 14.15(2) exceeded 25% but all are below 100%, the Transaction constituted a major transaction of the Company and was subject to applicable notification, publication and shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder had on the date of Completion an interest in the Transaction which was materially different from the other Shareholders. Accordingly, no Shareholder was required to abstain from voting if the Company were to convene a special general meeting for the approval of the Transaction.

As a written approval for the entry of into the Transaction had been obtained by the Company from the Majority Shareholder and that all the conditions under Listing Rule 14.44 had been met, the written approval had been accepted by the Company in lieu of holding a special general meeting to approve the entry of into the Transaction.

LETTER FROM THE BOARD

8. WAIVER GRANTED BY THE STOCK EXCHANGE

As stated in the Company's announcement dated 15 January 2020, the Company had applied to, and obtained from, the Stock Exchange a waiver from the requirements under Listing Rule 14.41(a) by extending the deadline for despatching this circular from 15 January 2020 to 15 February 2020.

9. RECOMMENDATION

The Directors consider that the terms of the Transaction have been negotiated on an arm's length basis and the Transaction is on normal commercial terms which when considered in totality are fair and reasonable and in the interests of the Group and the Shareholders taken as a whole. Had the Company convened a special general meeting for approving the Transaction, the Board would have recommended the Shareholders to vote in favour of the Transaction.

10. ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the Appendices to this circular.

Yours faithfully,
By order of the Board of
C C Land Holdings Limited
Lam How Mun Peter
Deputy Chairman and Managing Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 December 2016, 2017 and 2018 and for the six months ended 30 June 2019 were set out in the relevant annual reports of the Company uploaded to the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.ccland.com.hk>).

Please also see below links to the relevant annual reports and interim report:

- Interim report of the Company for the six months ended 30 June 2019 published on 4 September 2019 (pages 13 to 34):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0904/ltn20190904693.pdf>

- Annual report of the Company for the year ended 31 December 2018 published on 10 April 2019 (pages 37 to 107):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0410/ltn20190410589.pdf>

- Annual report of the Company for the year ended 31 December 2017 published on 13 April 2018 (pages 35 to 101):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0413/ltn20180413523.pdf>

- Annual report of the Company for the year ended 31 December 2016 published on 11 April 2017 (pages 33 to 95):

<http://www.hkexnews.hk/listedco/listconews/sehk/2017/0411/LTN20170411614.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 November 2019, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had total bank borrowings of approximately HK\$7,905,576,000, which were all secured by the Group's investment properties and property and equipment with an aggregate carrying amount of approximately HK\$14,716,455,000, unsecured notes payable of HK\$1,922,333,000, and lease liabilities of HK\$40,298,000.

At 30 November 2019, the Group had the following contingent liabilities/financial guarantees:

1. Guarantee given to the vendor in connection with the acquisition of a freehold land by a joint venture amounted to HK\$202,110,000.
2. Guarantee given to a bank in connection with a facility granted to a joint venture up to HK\$1,106,552,000 and was utilised to the extent of HK\$1,106,552,000.
3. Guarantees given to a bank and an independent third party in connection with facilities granted to associates up to HK\$1,479,375,000 and were utilised to the extent of HK\$1,479,375,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding or agreed to be issued, term loans, loan capital, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured and unsecured, guarantees or other material contingent liabilities at the close of business on 30 November 2019.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the effect of the Transaction and the present financial resources available to the Group, including funds internally generated from its business operations and the available financial facilities, the Group will have sufficient working capital for its business operations for at least the next twelve months from the date of this circular in the absence of unforeseen circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The core business of the Group is property development and investment as well as treasury investments. The Group has started to build its global property portfolio since early 2017, and now has both investment, and development projects in the United Kingdom, Australia, Hong Kong and Mainland China. In addition to investing in the Property through JVC, the Group will continue to diversify its asset base through acquisition and focusing on investing selectively in tier one cities in China, in Hong Kong as well as other key gateway international cities such as London and Melbourne either for development or investment purpose which may take the form of equity partnership, joint ventures or otherwise. The Group will maintain a disciplined approach while achieving its goal to expand its portfolio which may take the form of equity partnership, joint ventures or otherwise.

As for the treasury investment business, the Group has invested surplus cash in a diversified portfolio of listed equity securities, unlisted investment funds and debt investments. The Group will continue to adopt a prudent investment strategy and assess the performance of its portfolio of investments to make timely and appropriate adjustments to fine-tune its investments holding with a view to generating favorable returns for its shareholders.

Looking ahead, the Group believes London will continue to be a global city with long standing attraction for business. Hong Kong's rental property market will remain stable given moderate economic growth in the city. The Group will continue to look at opportunities for other projects to build a balanced property portfolio with both stable recurring rental income and property sales revenue in order to provide a satisfactory return to its shareholders.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ASSOCIATED CORPORATIONS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation(s) (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (“**Model Code**”), to be notified to the Company and the Stock Exchange.

Interests in Shares (long positions)

Name of Directors	Interest in Shares		Interests in underlying Shares pursuant to share options granted by the Company ²	Aggregate interests	Approximate Percentage ³
	Personal interests	Corporate interests			
Cheung Chung Kiu	–	2,057,254,906 ¹	–	2,057,254,906	52.99
Lam How Mun Peter	486,753	–	25,911,869	26,398,622	0.68
Leung Chun Cheong	667,000	–	1,521,900	2,188,900	0.06
Leung Wai Fai	–	–	3,043,800	3,043,800	0.08

Notes:

- Such Shares were held directly by Fame Seeker Holdings Limited (“**Fame Seeker**”), which was wholly-owned by Windsor Dynasty Limited (“**Windsor Dynasty**”), which was in turn wholly-owned by Cheung Chung Kiu, Chairman of the Board (“**Mr. Cheung**”). Accordingly, Mr. Cheung was deemed to be interested in the same number of Shares held through Fame Seeker.

2. Details of the Directors' interests in the underlying Shares pursuant to share options granted by the Company are set out below:

Name of Directors	Exercise period	Exercise price (HK\$ per Share)	Number of share options granted and not yet exercised
Lam How Mun Peter	03-09-2010 to 02-09-2020	3.2624	21,853,469
	01-01-2011 to 02-09-2020	3.2624	4,058,400
Leung Chun Cheong	03-09-2010 to 02-09-2020	3.2624	1,521,900
Leung Wai Fai	03-09-2010 to 02-09-2020	3.2624	3,043,800

3. Approximate percentage refers to the aggregate interests of a Director expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at the Latest Practicable Date.

Save for the fact that Mr. Cheung was the sole director of both Windsor Dynasty and Fame Seeker, as at the Latest Practicable Date,

- (a) none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO;
- (b) none of the Directors had any direct or indirect interests in any assets which have since 31 December 2018 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (c) none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

3. COMPETING INTEREST

As at the Latest Practicable Date, Mr. Cheung was an executive director of Y. T. Realty Group Limited ("YT") (whose shares are listed on the Main Board of the Stock Exchange) and was deemed to be interested in 17.10% of the issued shares of YT. YT is an investment holding company and the principal activities of its subsidiaries include property investment and property trading. As at the Latest Practicable Date, Mr. Cheung also had personal interests in private companies engaged in property investment and property management services businesses. As such, Mr. Cheung is regarded as being interested in a business which may compete with the business of the Group.

The Directors are aware of the fiduciary duties of Mr. Cheung to the Company and that he must, in the performance of his duty as a director, avoid actual and potential conflicts of interest and duty, and not to profit himself to the detriment of the Company. Further, there are provisions in the Bye-laws prohibiting a Director from voting, or being counted in the quorum, on any resolution of the Board approving any contract or arrangement or any other proposal in which the Director or any of his/her associate(s) is materially interested in except for certain permitted matters. The Directors are therefore of the view that the Company is capable of carrying on the Group's business independently of, and at arm's length from, such business in which Mr. Cheung is regarded as being interested and which may compete with the business of the Group.

As at the Latest Practicable Date, to the best knowledge of the Directors and save as disclosed above, none of the Directors or their respective close associates had any interest in any business that competed or was likely to compete, either directly or indirectly, with the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group other than contracts expiring or determinable by the relevant members of the Group within one year without payment of compensation (other than statutory compensation).

5. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by any member of the Group within two years immediately preceding the Latest Practicable Date:

- (a) the shareholders' agreement dated 30 April 2018 entered into among Marvel Leader Investments Limited (a direct wholly owned subsidiary of the Company, "**Marvel Leader**"), Glorious Everest Limited ("**Glorious Everest**"), Main Star Limited ("**Main Star**") and Beauty Bay International Limited (a company incorporated in the British Virgin Islands with limited liability and is directly owned as to approximately 48.98% by Marvel Leader, approximately 40.82% by Glorious Everest and approximately 10.20% by Main Star, the "**Joint Venture**") for principally regulating the establishment, operation and management of the Joint Venture, with a total amount of capital contribution on the part of the Company not exceeding approximately RMB734.7 million;
- (b) on 30 October 2018, Worthwell Investments Limited (a company indirectly wholly owned by the Company) subscribed for a principal amount of US\$25,000,000 of the US\$ denominated senior notes due 2020 in the aggregate amount of US\$565,000,000 issued by Scenery Journey Limited and guaranteed by Tianji Holding Limited and its subsidiaries;
- (c) the subscription agreement dated 30 May 2019 entered into among Perfect Point Ventures Limited (as issuer, an indirect wholly-owned subsidiary of the Company, the "**Issuer**"), the Company (as guarantor), Haitong International Securities Company Limited ("**Haitong**") (as sole global coordinator, joint bookrunner and joint lead manager), HeungKong Securities Limited ("**HeungKong Securities**") (as joint bookrunner and joint lead manager) and Orient Securities (Hong Kong) Limited as joint bookrunner and joint lead manager (together with Haitong and HeungKong Securities, collectively the "**Joint Lead Managers**") in connection with, among other things, the issue of US\$250,000,000 6.35% guaranteed notes due 2022 (the "**Notes**") by the Issuer and subscription of such principal amount of the Notes by each of the Joint Lead Managers as set out therein;
- (d) the global note certificate in respect of the Notes issued on 6 June 2019;
- (e) the Deed of Guarantee dated 6 June 2019 executed by the Company in favour of the holders of the Notes ("**Noteholders**") and the Accountholders (as defined therein) guaranteeing payment of all sums expressed to be payable by the Issuer to the Noteholders and to the Accountholders;
- (f) the Deed of Covenant dated 6 June 2019 executed by the Company in favour of the Accountholders and the Noteholders for constituting the Notes and making arrangements for the protection of the Accountholders' interests in certain circumstances;
- (g) JVC Shareholders' Agreement;
- (h) QRW2 SPA;

- (i) First Interest-Free Loan Agreement;
- (j) Second Interest-Free Loan Agreement;
- (k) CC Contribution Agreement;
- (l) CCL Equity Contribution Guarantee; and
- (m) Cost Overrun Guarantee.

6. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claims of material importance and, so far as the Directors were aware, there was no litigation or claims of material importance pending or threatened against any member of the Group.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that there had been no material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date.

8. MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at 25/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The Company Secretary of the Company is Cheung Fung Yee, who is an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators (now known as "The Chartered Governance Institute").
- (e) The English texts of this circular shall prevail over their respective Chinese texts in case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by Shareholders during normal business hours at the office of the Company's legal advisers on the Transaction in Hong Kong at 9/F, Three Exchange Square, Central, Hong Kong up to and including 14 February 2020:

- (a) this circular;
- (b) the memorandum of association and the bye-laws of the Company;
- (c) the material contracts referred to in the section headed "5. MATERIAL CONTRACTS" in this Appendix; and
- (d) the consolidated audited financial statements of the Company for each of the years ended 31 December 2017 and 2018 respectively.