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恒隆集團有限公司
HANG LUNG GROUP LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00010)



恒隆地產有限公司
HANG LUNG PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00101)

JOINT ANNOUNCEMENT

NO. 37 SHOUSON HILL ROAD HONG KONG

This announcement is made by Hang Lung Group Limited and Hang Lung Properties Limited (“**HLP**”) (collectively, the “**Companies**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

By a letter dated 9 September 2020, Delta Bridge Limited (an indirect wholly-owned subsidiary of HLP) (the “**Tenderer**”) was informed by the legal advisers to the United States of America (the “**U.S.**”) about the acceptance by the U.S. of the tender (the “**Tender**”) submitted by the Tenderer for the acquisition (the “**Transaction**”) of Rural Building Lot No.357 (also known as No.37 Shouson Hill Road, Hong Kong) (the “**Property**”) at the consideration of HK\$2.566 billion. On 16 September 2020, the memorandum of agreement for sale and purchase (the “**Memorandum of Agreement**”) was entered into among the U.S. (as vendor), the Tenderer (as purchaser) and HLP (as ultimate owner) in relation to the Property.

The Memorandum of Agreement was subsequently delivered to the Land Registry (the “**Land Registry**”) of the Government of the Hong Kong Special Administrative Region (“**Hong Kong SAR**”) on 30 September 2020 for registration under the Land Registration Ordinance (Chapter 128 of the Laws of Hong Kong). Pursuant to the Memorandum of Agreement, completion of the Transaction (“**Completion**”) was scheduled to take place at or before noon on 30 December 2020.

On 21 December 2020, HLP and the Tenderer, through its legal advisers, received a letter from the Land Registry (the “**Letter**”) stipulating, among other things, that:

- (i) the US Consulate General in Hong Kong SAR is not a commercial entity and the Property is not an ordinary real estate property as such;
- (ii) sale of the Property involves foreign affairs between The People’s Republic of China (“**China**”) and the U.S. and should not be regarded as an ordinary commercial activity;

- (iii) the Central People’s Government of China (“CPG”) has advised the Government of Hong Kong SAR that if the US Consulate General in Hong Kong SAR intends to rent, purchase, sell, or otherwise acquire or dispose of any real estate property in Hong Kong SAR, the Government of the U.S. must make a written application to the CPG via the Office of the Commissioner of the Ministry of Foreign Affairs of China in Hong Kong SAR at least 60 days prior to any intended transaction, and shall not proceed with the intended transaction without the written consent of the CPG (the “**Diplomatic Obligations**”);
- (iv) as at the date of the Letter, the Land Registry had not received any documents demonstrating compliance with the Diplomatic Obligations by the Government of the U.S. in respect of sale of the Property (i.e. the Transaction); and
- (v) as a result, the Land Registry was unable to register the Memorandum of Agreement unless and until written evidence was produced demonstrating compliance by the Government of the U.S. with the above-mentioned requirements.

The matters as stated in the Letter were exceptional and were not made known to or anticipated by HLP and the Tenderer prior to / at the time of submission of the Tender or execution of the Memorandum of Agreement. After careful consideration of all circumstances surrounding the Transaction, the Tenderer informed the U.S. on 24 December 2020 (the “**Request Letter**”), through their respective legal advisers, that it was ready, willing and able to proceed with Completion subject to the U.S. producing (a) written evidence that it had complied with the Diplomatic Obligations; and (b) any such written evidence from the U.S. satisfying the Land Registry that the Memorandum of Agreement and the assignment of the Property from the U.S. to the Tenderer were to be registered. The Tenderer also reiterated that it was prepared to allow the U.S. such additional time as was necessary for the sole purpose of enabling it to comply with the abovementioned matters (including the Diplomatic Obligations).

On 29 December 2020, the U.S., through its legal advisers, contested the necessity to comply with the Diplomatic Obligations and did not produce the evidence as demanded in the Request Letter. In that letter, the U.S. said that first, it has complied with the relevant obligations and requirements, second, diplomatic obligations applicable to the sale of the Property are matters between sovereignties and would not affect title of the Property and third, the Land Registry has no right not to register the Memorandum of Agreement. That said, the U.S. accepted the position taken by the Land Registry in the Letter that the Property is “*not an ordinary real estate property*” and the Transaction “*should not be regarded as an ordinary commercial activity*” and thus the sale of the Property “*involves foreign affairs and should follow the applicable diplomatic protocol*”. As such, Completion did not take place as scheduled at or before noon on 30 December 2020.

For reasons mentioned above, all parties concerned in the Transaction (including the HLP, the Tenderer, the U.S. and the Land Registry) agree that the Transaction – and its Completion – involves foreign affairs and diplomatic matters that are within the prerogative of China and the U.S. as Sovereign States, and hence outside of the control of HLP and the Tenderer.

HLP and the Tenderer are currently evaluating, and taking legal advice on, the various appropriate actions that may be taken in relation to the Transaction and the above matters, including exploring the feasibility of extending the time for Completion. The Companies will keep the market informed by way of announcement in compliance with the requirements of the Listing Rules and the SFO of any further material development in this matter.

Shareholders of the Companies and potential investors are advised to exercise caution when dealing in the securities of the Companies.

By Order of the Board of
Hang Lung Group Limited
Margaret Ka Man YAN
Company Secretary

By Order of the Board of
Hang Lung Properties Limited
Margaret Ka Man YAN
Company Secretary

Hong Kong, 30 December 2020

As at the date of this announcement, the board of directors of Hang Lung Group Limited comprises:

Executive Directors: Mr. Ronnie C. CHAN, Mr. Adriel W. CHAN, Mr. Weber W.P. LO and Mr. H.C. HO

Non-Executive Directors: Mr. Gerald L. CHAN, Mr. George K.K. CHANG and Mr. Roy Y.C. CHEN

Independent Non-Executive Directors: Mr. Simon S.O. IP, Prof. P.W. LIU, Prof. L.C. TSUI and Mr. Martin C.K. LIAO

As at the date of this announcement, the board of directors of Hang Lung Properties Limited comprises:

Executive Directors: Mr. Ronnie C. CHAN, Mr. Adriel W. CHAN, Mr. Weber W.P. LO and Mr. H.C. HO

Non-Executive Director: Mr. Philip N.L. CHEN

Independent Non-Executive Directors: Mr. Ronald J. ARCULLI, Mr. Nelson W.L. YUEN, Mr. Dominic C.F. HO, Dr. Andrew K.C. CHAN, Prof. H.K. CHANG and Ms. Anita Y.M. FUNG