



HOPEWELL HOLDINGS LIMITED

合和實業有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 54)

Executive Directors

Sir Gordon Ying Sheung WU¹ KCMG, FICE
(Chairman)

Mr. Eddie Ping Chang HO
(Vice Chairman)

Mr. Thomas Jefferson WU² JP
(Deputy Chairman and Managing Director)

Mr. Josiah Chin Lai KWOK
(Deputy Managing Director)

Mr. Albert Kam Yin YEUNG

Mr. William Wing Lam WONG

Ir. Dr. Leo Kwok Kee LEUNG

Registered office

64th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Non-executive Directors

Lady WU Ivy Sau Ping KWOK JP

Mr. Carmelo Ka Sze LEE JP

Mr. Guy Man Guy WU

Independent Non-executive Directors

Ms. Linda Lai Chuen LOKE

Mr. Sunny TAN

Dr. Gordon YEN

Mr. Ahito NAKAMURA

Mr. Yuk Keung IP

¹ also as Alternate Director to Mr. Eddie Ping Chang HO

² also as Alternate Director to Sir Gordon Ying Sheung WU and Lady WU Ivy Sau Ping KWOK

25 February 2019

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF
HOPEWELL HOLDINGS LIMITED
BY PETRUS HK CO LIMITED BY WAY OF
A SCHEME OF ARRANGEMENT
UNDER SECTION 673 OF THE COMPANIES ORDINANCE
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
HOPEWELL HOLDINGS LIMITED**

INTRODUCTION

On 5 December 2018, the respective directors of the Offeror and the Company jointly announced that on 2 December 2018, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a

scheme of arrangement under section 673 of the Companies Ordinance involving the cancellation of the Scheme Shares and, in consideration therefor, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share.

If the Proposal is approved and implemented:

- (a) all the Scheme Shares held by the Scheme Shareholders will be cancelled on the Effective Date in exchange for the payment to each Scheme Shareholder of the Cancellation Price in cash for each Scheme Share;
- (b) the share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the issue to the Offeror, credited as fully paid, of such number of new Shares as the number of Scheme Shares cancelled and extinguished. The credit arising in the books of account of the Company as a result of the capital reduction will be applied in paying up the new Shares so allotted and issued, credited as fully paid, to the Offeror; and
- (c) the withdrawal of the listing of the Shares on the Stock Exchange is expected to take place with effect from 9:00 a.m. on Friday, 3 May 2019.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and, in particular, the Scheme, and to give you notice of the Court Meeting and of the EGM (together with forms of proxy in relation thereto). Your attention is also drawn to (i) the letter from the Independent Board Committee set out on pages 32 to 33 of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out on pages 34 to 87 of this Scheme Document; (iii) the Explanatory Statement set out on pages 88 to 114 of this Scheme Document; and (iv) the terms of the Scheme set out on pages S-1 to S-13 of this Scheme Document.

THE PROPOSAL

Subject to the Conditions described in the section headed “5. *Conditions of the Proposal*” in the Explanatory Statement on pages 91 to 94 of this Scheme Document being fulfilled or waived, as applicable, the proposed privatisation of the Company will be implemented by way of the Scheme between the Company and the Scheme Shareholders.

THE SCHEME

Subject to the Scheme becoming effective, the Scheme Shareholders will receive from the Offeror as Cancellation Price:

HK\$38.80 in cash for every Scheme Share

The Offeror has advised that the Cancellation Price will not be increased and the Offeror does not reserve the right to do so.

The Cancellation Price of HK\$38.80 per Scheme Share represents:

- (a) a premium of approximately 46.7% over the closing price of HK\$26.45 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 48.8% over the average closing price of approximately HK\$26.07 per Share as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Date;
- (c) a premium of approximately 55.5% over the average closing price of approximately HK\$24.95 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (d) a premium of approximately 54.1% over the average closing price of approximately HK\$25.18 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;
- (e) a premium of approximately 49.6% over the average closing price of approximately HK\$25.93 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (f) a premium of approximately 45.1% over the average closing price of approximately HK\$26.74 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- (g) a premium of approximately 41.3% over the average closing price of approximately HK\$27.45 per Share as quoted on the Stock Exchange for the 360 trading days up to and including the Last Trading Date;
- (h) a discount of approximately 35.6% to the unaudited NAV of the Group per Share of approximately HK\$60.21 as at 30 September 2018;
- (i) a discount of approximately 43.0% to the Adjusted NAV of the Group per Share of approximately HK\$68.05; and
- (j) a premium of approximately 6.9% over the closing price of HK\$36.30 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Cancellation Price has been determined after taking into account the then recently traded prices of the Shares prior to the publication of the Joint Announcement, the historic traded prices of the Shares and publicly available financial information of the Company, and with reference to other privatisation transactions in Hong Kong in recent years.

Assuming that the Scheme becomes effective on 2 May 2019, cheques for entitlements under the Scheme will be despatched as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) following the Effective Date and accordingly, the cheques are expected to be despatched on or before 14 May 2019. Cheques will be posted at the risk of the addressees and none of the Offeror, the Company, Citigroup,

the Depositary (or any of its designees), the Independent Financial Adviser and the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in the despatch of the same.

TOTAL CONSIDERATION AND FINANCIAL RESOURCES

On the basis of the Cancellation Price of HK\$38.80 per Scheme Share and 547,845,931 Scheme Shares in issue as at the Latest Practicable Date, the amount of cash payable to the Scheme Shareholders under the Proposal would be approximately HK\$21,256.4 million.

The Offeror intends to finance the cash required for the Proposal through new credit facilities made available to the Offeror by Citibank, N.A., Hong Kong Branch and other lenders selected by the mandated lead arranger and bookrunner in consultation with the Offeror for the Certain Funds Period.

Citigroup, the exclusive financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal.

CONDITIONS OF THE PROPOSAL

The Proposal is, and the Scheme will become effective and binding on the Company and all the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the Conditions described in the section headed “5. *Conditions of the Proposal*” in the Explanatory Statement on pages 91 to 94 of this Scheme Document.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive. The Offeror has indicated that it has no intention to seek such consent.

If approved, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

Shareholders and potential investors should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, neither the Offeror nor any of the Offeror Concert Parties has received any irrevocable commitment to vote for or against the Proposal.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date:

- (a) the number of total issued Shares is 868,620,621 Shares (including 2,585,891 Shares held in the form of ADSs);
- (b) the Offeror does not legally and beneficially own, control or have direction over any Shares;
- (c) the Consortium Offeror Concert Parties beneficially own, control or have direction over 320,774,690 Shares, representing approximately 36.93% of the total issued Shares;
- (d) Mr. Thomas WU, Mr. KWOK Tse Wah, Mr. Thomas KWOK, Mr. Josiah Chin Lai KWOK, Mr. Albert Kam Yin YEUNG and Mr. William Wing Lam WONG, being Non-Consortium Offeror Concert Parties, beneficially own, control or have direction over 31,709,600 Shares, representing approximately 3.65% of the total issued Shares;
- (e) members of the Citigroup group (except those which have been granted exempt principal trader or exempt fund manager status for the purposes of the Takeovers Code), being Non-Consortium Offeror Concert Parties, do not beneficially own, control or have direction over any Shares;
- (f) other than the Consortium Offeror Concert Parties, Mr. Thomas WU, Mr. KWOK Tse Wah, Mr. Thomas KWOK, Mr. Josiah Chin Lai KWOK, Mr. Albert Kam Yin YEUNG and Mr. William Wing Lam WONG, the Offeror Concert Parties do not hold any other Shares;
- (g) there are 72,000 Shares held by the HHL Employees' Share Award Scheme Trust, the trustee of which is BOCI Trustee, and no employee of the Company has been awarded any Shares under the HHL Employees' Share Award Scheme. According to the trust deed of the HHL Employees' Share Award Scheme, BOCI Trustee shall not exercise the voting rights attached to the Shares held under the HHL Employees' Share Award Scheme Trust;
- (h) there are 2,585,891 Shares represented by ADSs where every one ADS represents one Share;
- (i) the Scheme Shareholders (which include the Non-Consortium Offeror Concert Parties and the HHL Employee's Share Award Scheme Trust) hold 547,845,931 Shares, representing approximately 63.07% of the total issued Shares;

- (j) there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror or the Offeror Concert Parties;
- (k) neither the Offeror nor the Offeror Concert Parties has entered into any outstanding derivative in respect of the securities in the Company; and
- (l) neither the Offeror nor the Offeror Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

As at the Latest Practicable Date, (a) the Scheme Shares comprise a total of 547,845,931 Shares held or beneficially owned by the Scheme Shareholders (which include the Non-Consortium Offeror Concert Parties and the HHL Employee's Share Award Scheme Trust), representing approximately 63.07% of the total issued Shares; and (b) the Consortium Offeror Concert Party Shares comprise 320,774,690 Shares held or beneficially owned by the Consortium Offeror Concert Parties, representing approximately 36.93% of the total issued Shares.

The shareholding structure of the Company as at the Latest Practicable Date and immediately upon the Scheme becoming effective (assuming no new Shares will be issued prior thereto) is to be found in the section headed "7. *Shareholding Structure of the Company and Effect of the Proposal and the Scheme*" in the Explanatory Statement on pages 95 to 98 of this Scheme Document.

The indications as to voting by Directors in respect of interests in Shares held by them at the Court Meeting and the EGM are to be found in the section headed "20. *Indications as to Voting*" in the Explanatory Statement on page 109 of this Scheme Document.

As at the Latest Practicable Date, apart from the ADSs, the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its total issued Shares of 868,620,621 Shares (of which 2,585,891 Shares are held in the form of ADSs).

For the avoidance of doubt, all Scheme Shares, including the Shares held or beneficially owned by the Non-Consortium Offeror Concert Parties and the Shares held under the HHL Employee's Share Award Scheme Trust, will be cancelled upon the Scheme becoming effective.

All Shareholders will be entitled to vote on the special resolution to be proposed at the EGM to approve and give effect to the reduction of the share capital of the Company and the implementation of the Scheme (except that BOCI Trustee will not exercise the voting rights attached to the Shares held under the HHL Employees' Share Award Scheme Trust in accordance with the trust deed of the HHL Employees' Share Award Scheme). The Consortium Offeror Concert Parties have indicated that, if the Scheme is approved at the Court Meeting, the Consortium Offeror Concert Parties will vote in favour of the special resolution to be proposed at the EGM to approve and give effect to the Scheme, including the approval of the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares and of the issue to the Offeror of such number of new Shares as is equal to the number of the Scheme Shares cancelled and extinguished. Upon the

Scheme becoming effective, the Consortium Offeror Concert Parties will directly or indirectly hold 36.93% of the total issued Shares and the Offeror will directly hold 63.07% of the total issued Shares.

REASONS FOR AND BENEFITS OF THE PROPOSAL

You are urged to read carefully the section headed “10. *Reasons for and benefits of the Proposal*” in the Explanatory Statement on pages 100 to 101 of this Scheme Document.

THE OFFEROR’S INTENTIONS IN RELATION TO THE GROUP

You are urged to read carefully the section headed “11. *The Offeror’s intentions in relation to the Group*” in the Explanatory Statement on pages 101 to 102 of this Scheme Document.

The Board is pleased to note the intentions of the Offeror to focus on the existing business of the Group, which principally comprises investments in power plants, property development and investment, property management, hotel ownership and management, restaurant operations and food catering, upon the Scheme becoming effective, and not to introduce any major changes to the business of the Group but may consider redeployment or disposal of certain fixed assets of the Group, and not to make any significant changes to the continued employment of the employees of the Group.

FINANCIAL ADVISER TO THE OFFEROR AND THE INDEPENDENT BOARD COMMITTEE

The Offeror has appointed Citigroup as its exclusive financial adviser in connection with the Proposal.

The Independent Board Committee comprising Ms. Linda Lai Chuen LOKE, Mr. Sunny TAN, Dr. Gordon YEN, Mr. Ahito NAKAMURA and Mr. Yuk Keung IP has been constituted to advise the Scheme Shareholders on the Proposal.

Lady Ivy WU, Mr. Carmelo Ka Sze LEE and Mr. Guy WU, being all the non-executive Directors, do not form part of the Independent Board Committee due to their respective interest in the Proposal as follows:

- (a) Lady Ivy WU is a holder of Consortium Offeror Concert Party Shares, a director of each of the Offeror, Holdco and Topco and a Consortium Member by virtue of being a shareholder of Topco. She is the spouse (hence close relative) of Sir Gordon WU, himself, a holder of Consortium Offeror Concert Party Shares, a director of each of the Offeror, Holdco and Topco and a Consortium Member by virtue of being a shareholder of Topco. She is therefore one of the Consortium Offeror Concert Parties;
- (b) Mr. Carmelo Ka Sze LEE is a partner of the legal advisers to the Company in relation to the Proposal; and

- (c) Mr. Guy WU is the nephew of Sir Gordon WU and Lady Ivy WU, a holder of Consortium Offeror Concert Party Shares and a Consortium Member by virtue of being a shareholder of Holdco upon the Scheme becoming effective. He is therefore one of the Consortium Offeror Concert Parties.

The full text of the letter from the Independent Board Committee is set out on pages 32 to 33 of this Scheme Document.

INDEPENDENT FINANCIAL ADVISER

The Company has, with the approval of the Independent Board Committee, appointed China Tonghai as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal.

The full text of the letter from the Independent Financial Adviser is set out on pages 34 to 87 of this Scheme Document.

INFORMATION ABOUT THE OFFEROR AND THE COMPANY

Your attention is drawn to Appendix I headed "*Financial Information Relating to the Group*" on pages 115 to 121 of this Scheme Document, and the sections headed "*13. Information on the Offeror Group and the Consortium Members*" and "*14. Information on the Company*" in the Explanatory Statement on pages 102 to 104, and page 105, respectively, of this Scheme Document.

OVERSEAS SHAREHOLDERS

If you are an overseas Scheme Shareholders, your attention is drawn to the section headed "*17. Overseas Shareholders*" in the Explanatory Statement on pages 107 to 108 of this Scheme Document.

COURT MEETING AND EGM

For the purpose of exercising your right to vote at the Court Meeting and/or the EGM, you are requested to read carefully the section headed "*19. Court Meeting and EGM*" in the Explanatory Statement on pages 108 to 109 of this Scheme Document, the section headed "*21. Actions to be taken*" in the Explanatory Statement on pages 110 to 113 of this Scheme Document, and the notices of the Court Meeting and the EGM on pages N-1 to N-3 and pages N-4 to N-6 respectively of this Scheme Document.

ACTIONS TO BE TAKEN

The actions which you are required to take in relation to the Proposal are set out under "*Actions to be Taken*" on pages 5 to 8 and the section headed "*21. Actions to be taken*" in the Explanatory Statement on pages 110 to 113 of this Scheme Document.

RECOMMENDATION

The Independent Financial Adviser has advised the Independent Board Committee that it considers the terms of the Proposal are fair and reasonable so far as the Scheme Shareholders are concerned and accordingly advises the Independent Board Committee to recommend the Scheme Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme.

The Independent Board Committee, having considered the terms of the Proposal, and having taken into account the advice of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter, considers that the terms of the Proposal are fair and reasonable so far as the Scheme Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Scheme Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme.

Your attention is drawn to the recommendations of the Independent Financial Adviser to the Independent Board Committee, in respect of the Proposal as set out in the "*Letter from the Independent Financial Adviser*" on pages 34 to 87 of this Scheme Document. Your attention is also drawn to the recommendation of the Independent Board Committee in respect of the Proposal as set out in the "*Letter from the Independent Board Committee*" on pages 32 to 33 of this Scheme Document.

SHARE CERTIFICATES, DEALINGS, LISTING, REGISTRATION AND PAYMENT

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from 9:00 a.m. on Friday, 3 May 2019.

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions described in the section headed "*5. Conditions of the Proposal*" in the Explanatory Statement on pages 91 to 94 of this Scheme Document has not been fulfilled or waived, as applicable, on or before the Long Stop Date.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective.

If the Scheme is not approved or the Proposal otherwise lapses, the listing of Shares on the Stock Exchange will not be withdrawn.

Your attention is drawn to the sections headed "*15. Withdrawal of listing of Shares*" and "*16. Registration and Payment*" in the Explanatory Statement set out on page 105 and pages 105 to 107, respectively, of this Scheme Document.

TAXATION, EFFECTS AND LIABILITIES

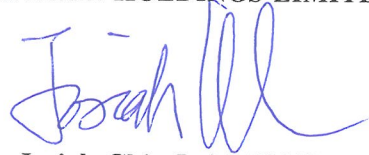
It is emphasised that none of the Offeror, the Company, Citigroup, the Independent Financial Adviser and the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates or any other persons involved in the Proposal shall be responsible (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any other persons as a result of their approval or rejection, or implementation, of the Proposal. Accordingly, you are urged to read the section headed “18. *Taxation and Independent Advice*” in the Explanatory Statement set out on page 108 of this Scheme Document and if you are in any doubt as to any aspect of this Scheme Document or as to the action to be taken, you are recommended to consult an appropriately qualified professional adviser.

Pursuant to Rule 2.3 of the Takeovers Code, if the Scheme is not approved and the Proposal is either not recommended by the Independent Board Committee or not recommended as fair and reasonable by the Independent Financial Adviser, all costs and expenses incurred by the Company and the Offeror in connection with the Proposal shall be borne by the Offeror. Given that the Proposal is recommended by the Independent Board Committee and is recommended as fair and reasonable by the Independent Financial Adviser, the Company and the Offeror have agreed that all costs, charges and expenses of the advisers and counsel appointed by the Company, including the Independent Financial Adviser, will be borne by the Company, whereas all costs, charges and expenses of the advisers and counsels appointed by the Offeror will be borne by the Offeror, and other costs, charges and expenses of the Scheme and the Proposal will be shared between the Company and the Offeror equally.

FURTHER INFORMATION

You are urged to read carefully the letters from the Independent Board Committee and from the Independent Financial Adviser, as set out on pages 32 to 33, and pages 34 to 87 respectively of this Scheme Document, the Explanatory Statement as set out on pages 88 to 114 of this Scheme Document, the appendices to this Scheme Document, the terms of the Scheme as set out on pages S-1 to S-13 of this Scheme Document, the notice of the Court Meeting as set out on pages N-1 to N-3 of this Scheme Document and the notice of the EGM as set out on pages N-4 to N-6 of this Scheme Document. In addition, a **pink** form of proxy in respect of the Court Meeting and a **white** form of proxy in respect of the EGM are enclosed with this Scheme Document.

By order of the board of
HOPEWELL HOLDINGS LIMITED



Josiah Chin Lai KWOK
Deputy Managing Director