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GOLDEN WHEEL TIANDI HOLDINGS COMPANY LIMITED

金輪天地控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1232)

**MAJOR TRANSACTION
PROPOSED ACQUISITION OF THE TARGET COMPANY
AND SHAREHOLDER'S LOAN**

THE PROPOSED ACQUISITION

The Board is pleased to announce that on 3 March 2017 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company), the Vendor, the Company and the Vendor's Guarantor entered into the Sale and Purchase Agreement pursuant to which the Purchaser agrees to acquire, and the Vendor agrees to sell, the Sale Share and the Shareholder's Loan, with effect from Completion. The consideration for the Proposed Acquisition is HK\$450,000,000, subject to adjustments. The Target Company is the owner of the Hotel and upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

In addition, pursuant to the terms of the Sale and Purchase Agreement, simultaneously on Completion, the Vendor shall procure the Manager and the Purchaser shall procure the Target Company to enter into the Hotel Management Agreement in relation to the management and operation of the Hotel.

LISTING RULES IMPLICATIONS

Since one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition exceeds 25% but are all less than 100%, the Proposed Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

An EGM will be convened by the Company during which an ordinary resolution will be proposed to the Shareholders to approve the Proposed Acquisition, the Sale and Purchase Agreement and all transactions contemplated thereunder. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the resolution for approving the Proposed Acquisition, the Sale and Purchase Agreement and all transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) major terms of the Sale and Purchase Agreement; (ii) further details of the Proposed Acquisition; (iii) the financial information of the Target Company; (iv) unaudited pro forma financial information of the Enlarged Group; (v) a property valuation report in respect of the Property; and (vi) a notice to convene the EGM, is expected to be despatched to the Shareholders on or before 19 April 2017, which is more than 15 business days after the publication of this announcement, as the Company requires more time to prepare the information to be included in the circular.

Completion of the Proposed Acquisition is subject to the fulfilment of the condition precedent to the Sale and Purchase Agreement. The Proposed Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing or contemplating dealing in the Shares or other securities (if any) of the Company.

Reference is made to the announcement of the Company dated 12 January 2017 in relation to, among other things, the entering into of the Heads of Terms among the Purchaser, the Vendor and the Manager in relation to the Proposed Acquisition.

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 3 March 2017 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company), the Vendor, the Company and the Vendor's Guarantor entered into the Sale and Purchase Agreement pursuant to which the Purchaser agrees to acquire, and the Vendor agrees to sell, the Sale Share and the Shareholder's Loan, with effect from Completion. Summarized below are the major terms of the Sale and Purchase Agreement:

Date

3 March 2017

Parties

- (1) The Purchaser
- (2) The Vendor
- (3) The Company, as a guarantor in relation to the due and proper performance by the Purchaser of all its obligations (including but not limited to payment obligations) and liabilities under the Sale and Purchase Agreement
- (4) The Vendor's Guarantor, as a guarantor in relation to the due and proper performance by the Vendor of all its obligations (including but not limited to payment obligations) and liabilities under the Sale and Purchase Agreement

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Vendor agrees to sell and the Purchaser agrees to purchase (1) the Sale Share, which represents the entire issued share capital of the Target Company; and (2) the Shareholder's Loan, which represents all the outstanding amounts owing by the Target Company to the Vendor.

Consideration

Subject to the adjustment mechanism as described below, the consideration payable by the Purchaser for the Proposed Acquisition shall be HK\$450,000,000 and shall be paid in the following manner:

- (a) the Deposit (i.e. HK\$45,000,000) has been paid by the Purchaser to the Vendor upon signing of the Sale and Purchase Agreement and the Earnest Money has been released and applied towards the payment of the aforementioned deposit; and
- (b) the Balance of Consideration shall be paid by the Purchaser to the Vendor upon Completion.

The Balance of Consideration payable on Completion shall be calculated based on the Net Current Asset Value and adjustment shall be made in accordance with the Completion Management Accounts.

After Completion, the Vendor shall instruct an auditor to audit the Completion Management Accounts and deliver the Audited Completion Accounts to the Vendor and the Purchaser or the Purchaser's solicitors within 90 days from the Completion Date. If there is a difference in the Net Current Asset Value as calculated by reference to the Completion Management Accounts and the Audited Completion Accounts, the Balance of Consideration shall be adjusted upwards or downwards based on the difference in the Net Current Asset Value so calculated. Any excess paid on Completion shall be returned to the Purchaser and any shortfall shall be paid to the Vendor, in each case, without interest and within ten business days after delivery of the Audited Completion Accounts by the auditor. The parties further agree that the amount of the adjustment to the Balance of Consideration shall not exceed HK\$15,000,000.

The consideration for the Proposed Acquisition will be funded by the Group's internal resources.

Basis of consideration

The consideration of the Proposed Acquisition was determined on the basis of normal commercial terms and after arm's length negotiation among the parties to the Sale and Purchase Agreement and with reference to, among other things, the fair market value of the Property and the operating assets used to operate the Hotel.

Condition precedent

Completion of the Sale and Purchase Agreement is conditional upon approval (the “**EGM Approval**”) having been obtained from the Shareholders for the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder on or before 21 April 2017, provided that the Purchaser shall deliver to the Vendor on or before 14 March 2017 an undertaking (in the form to be mutually agreed) by GWRCL under which GWRCL shall undertake to the Vendor that it will exercise all its voting rights attached to all Shares it holds in the Company in favour of the resolution(s) to be proposed at the EGM (the “**Undertaking**”). If the Purchaser fails to deliver the Undertaking to the Vendor as aforesaid, the Purchaser shall be deemed to be in breach of the Sale and Purchase Agreement, and the Vendor may, at its discretion, terminate the Sale and Purchase Agreement and the Deposit paid shall be forfeited by the Vendor.

If the EGM Approval is not fulfilled on or before 21 April 2017 (the “**EGM Approval Date**”) notwithstanding the supply of the Undertaking to the Vendor, the Purchaser shall be entitled to extend the EGM Approval Date by serving no less than five business days written notice to the Vendor informing the Vendor of its intention to extend the EGM Approval Date in which case the EGM Approval Date shall be extended to not later than 8 May 2017 (the “**Extended EGM Approval Date**”). Upon such extension of the EGM Approval Date, the Completion Date shall automatically be extended to on or before 12 May 2017 (the “**Extended Completion Date**”). If the EGM Approval under the aforementioned condition precedent is not fulfilled on the Extended EGM Approval Date, the Purchaser shall be entitled to terminate the Sale and Purchase Agreement and the Vendor shall return the Deposit paid to the Purchaser but without interest, costs or compensation.

Neither party shall be obliged to complete the sale and purchase of either the Sale Share or the Shareholder’s Loan or to enter into the Hotel Management Agreement if the completion of the sale and purchase of the Sale Share and the Shareholder’s Loan as well as the entry into the Hotel Management Agreement shall not take place contemporaneously.

Completion

Completion shall take place on the Completion Date. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

HOTEL MANAGEMENT AGREEMENT

Simultaneously on Completion, the Vendor shall procure the Manager and the Purchaser shall procure the Target Company to enter into the Hotel Management Agreement pursuant to which the Manager shall manage and operate the Hotel, on behalf of the Target Company, under the “Silka” and “絲麗” brand and to render customary hotel management services to the Target Company (as an owner of the Hotel upon Completion) in a good and professional manner.

It is expected that the Hotel Management Agreement will be for a term of six years starting immediately after Completion (the “**Term**”) subject to early termination as provided in the Hotel Management Agreement.

During the Term, the Target Company shall be entitled to Owner’s Guaranteed Return as stated in the Hotel Management Agreement for each Operating Year from the gross operating profits of the Hotel for that Operating Year, which shall first be settled on a pro rata monthly basis and be adjusted subsequently on an annual basis at the end of each Operating Year in the following manner:

- (a) if at the end of the Operating Year, the gross operating profits of the Hotel for that Operating Year exceeds the Owner’s Guaranteed Return for that Operating Year, then the Manager’s management fee for such Operating Year shall be an amount equal to 50% of the gross operating profits (of that Operating Year) in excess of the Owner’s Guaranteed Return (for that Operating Year); but
- (b) if at the end of the Operating Year, the gross operating profits of the Hotel for that Operating Year is equal to or less than the Owner’s Guaranteed Return for that Operating Year, then the Manager shall not be entitled to any management fee for such Operating Year and in the event the gross operating profits of the Hotel is less than the Owner’s Guaranteed Return, the Manager shall be required to pay the Target Company an amount equal to the Owner’s Guaranteed Return (to the extent outstanding).

The Hotel Management Agreement will also contain other usual or customary terms and conditions for transactions of similar nature.

DEED OF TAX INDEMNITY

A Deed of Tax Indemnity is expected to be entered into among the Purchaser, the Target Company, the Vendor and the Vendor's Guarantor on Completion pursuant to which the Vendor and the Vendor's Guarantor will jointly and severally, fully and effectually indemnify and keep fully and effectually indemnified the Purchaser and the Target Company from and against certain tax liabilities of the Target Company occurred and incurred prior to the date of the Deed of Tax Indemnity.

FURTHER INFORMATION ON THE PURCHASER, THE VENDOR, THE VENDOR'S GUARANTOR AND THE MANAGER

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

The Vendor is an exempted company incorporated in the Cayman Islands. It is the sole shareholder of the Target Company and is principally engaged in hotel operation and management, property investment, property development and property trading.

The Vendor's Guarantor is an exempted company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange. The principal activities of the Vendor's Guarantor and its subsidiaries are property development, property investment, hotel operations and management, car park operations and facilities management, and securities and financial product investments.

The Manager is a company incorporated under the laws of Hong Kong with limited liability and is principally engaged in the management and operation of hotels in Hong Kong, including the Hotel prior to Completion.

As at the date of this announcement, each of the Vendor and the Manager is a wholly-owned subsidiary of the Vendor's Guarantor.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor, the Vendor's Guarantor, the Manager and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

FINANCIAL INFORMATION ON THE TARGET COMPANY

Based on the audited financial statements of the Target Company prepared in accordance with the Hong Kong Financial Reporting Standards, the net profit/(loss) before and after taxation of the Target Company for the two years ended 31 March 2015 and 2016 and the total assets and net assets value of the Target Company as at 31 March 2015 and 2016 are as follows:

	For the year ended	
	31 March	
	2015	2016
	<i>HK\$</i>	<i>HK\$</i>
Net profit/(loss) before taxation	4,383,989	(850,593)
Net profit/(loss) after taxation	3,345,142	(1,020,709)
	As at 31 March	
	2015	2016
	<i>HK\$</i>	<i>HK\$</i>
Total assets	313,498,415	320,121,379
Net assets	24,381,442	23,360,733

All information relating to the Target Company, including information relating to its business and its financial performance, as disclosed in this announcement have been provided by the Vendor and has not been independently verified by the Company.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Company is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange. The principal business of the Company is investment holding, property development and property leasing. The Group is an integrated commercial and residential property developer, and is principally engaged in commercial and residential property development, property investment and property management in the People's Republic of China.

The Target Company is the holding company of the Property and carries on a hotel business at the Hotel. It has engaged the Manager to manage the Hotel as at the date of this announcement.

The Directors consider that the Proposed Acquisition would enhance the Group's hotel operation business segment which is in line with the Group's strategies to further develop new business segments besides the major property development segment.

The Directors consider that the transactions contemplated by the Sale and Purchase Agreement are carried out in the ordinary course of business and are on normal commercial terms. As the terms of the Sale and Purchase Agreement were arrived at after arm's length negotiations among the parties thereto, the Directors are of the view that the terms of the Sale and Purchase Agreement are fair, reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Since one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition exceeds 25% but are all less than 100%, the Proposed Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

An EGM will be convened by the Company during which an ordinary resolution will be proposed to the Shareholders to approve the Proposed Acquisition, the Sale and Purchase Agreement and all transactions contemplated thereunder. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the resolution for approving the Proposed Acquisition, the Sale and Purchase Agreement and all transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) major terms of the Sale and Purchase Agreement; (ii) further details of the Proposed Acquisition; (iii) the financial information of the Target Company; (iv) unaudited pro forma financial information of the Enlarged Group; (v) a property valuation report in respect of the Property; and (vi) a notice to convene the EGM, is expected to be despatched to the Shareholders on or before 19 April 2017, which is more than 15 business days after the publication of this announcement, as the Company requires more time to prepare the information to be included in the circular.

Completion of the Proposed Acquisition is subject to the fulfilment of the condition precedent to the Sale and Purchase Agreement. The Proposed Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing or contemplating dealing in the Shares or other securities (if any) of the Company.

DEFINITIONS

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

“Audited Completion Accounts”	the audited Completion Management Accounts
“Balance of Consideration”	initially HK\$405,000,000, subject to adjustments
“Board”	the board of Directors
“Company”	Golden Wheel Tiandi Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1232)
“Completion”	completion of the Proposed Acquisition and the entry into of the Hotel Management Agreement
“Completion Date”	on or before 28 April 2017 or the Extended Completion Date or such other date as the parties to the Sale and Purchase Agreement may mutually agree
“Completion Management Accounts”	the unaudited management accounts of the Target Company covering the period from the date immediately following 31 March 2016 up to (and inclusive of) the Completion Date and duly certified true and correct by a director of the Target Company
“Deed of Tax Indemnity”	the deed of tax indemnity to be entered into among the Purchaser, the Target Company, the Vendor and the Vendor’s Guarantor on Completion

“Deposit”	HK\$45,000,000
“Director(s)”	the director(s) of the Company
“Earnest Money”	the sum of HK\$20,000,000 paid by the Purchaser to the Vendor’s solicitors upon the signing of the Heads of Terms
“EGM”	the extraordinary general meeting of the Company to be convened and held for considering and approving, among others, the Proposed Acquisition
“EGM Approval”	has the meaning given to it in the section headed “THE SALE AND PURCHASE AGREEMENT – Condition precedent” in this announcement
“EGM Approval Date”	has the meaning given to it in the section headed “THE SALE AND PURCHASE AGREEMENT – Condition precedent” in this announcement
“Enlarged Group”	the Group upon Completion
“Extended Completion Date”	has the meaning given to it in the section headed “THE SALE AND PURCHASE AGREEMENT – Condition precedent” in this announcement
“Extended EGM Approval Date”	has the meaning given to it in the section headed “THE SALE AND PURCHASE AGREEMENT – Condition precedent” in this announcement
“Group”	the Company and its subsidiaries

“GWRCL”	Golden Wheel Realty Company Limited, the controlling shareholder (as defined in the Listing Rules) of the Company. As at the date of this announcement, GWRCL directly holds 637,985,600 Shares, representing approximately 35.39% of the total issued share capital in the Company
“Heads of Terms”	the heads of terms dated 12 January 2017 entered into by the Purchaser, the Vendor and the Manager in relation to the Proposed Acquisition
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel”	the building located on the Property and owned by the Target Company which is known as Silka West Kowloon, Hong Kong
“Hotel Management Agreement”	the hotel management agreement to be entered into among the Target Company, the Manager, the Company and the Vendor’s Guarantor on Completion for the provision of management and other related services by the Manager in respect of the Hotel
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Manager”	Dorsett Hospitality International Services Limited, a company incorporated in Hong Kong with limited liability

“Net Current Asset Value”	the net current asset value of the Target Company as calculated in accordance with the Sale and Purchase Agreement
“Operating Year”	means from 1 January of a year to 31 December of that year provided that the first Operating Year shall be the period commencing on the Completion Date and ending on 31 December 2017 and provided that the final Operating Year may be less than a full year if the Hotel Management Agreement is terminated early or the expiry of the Term does not end on 31 December of a year
“Owner’s Guaranteed Return”	the annual owner’s guaranteed return in the amount of HK\$18,000,000, to be adjusted on a pro rata basis if an Operating Year consists of less than 12 months and subject to adjustment due to a “renovation” or “force majeure event” each as defined in the Hotel Management Agreement
“Property”	all that piece or parcel of ground registered in the Land Registry as Kowloon Inland Lot No. 6374 together with the messuages, erections and buildings thereon known as No. 48 Anchor Street, owned by the Target Company
“Proposed Acquisition”	the proposed acquisition by the Purchaser of the entire interest of the Vendor in the Target Company, comprising the Sale Share and the Shareholder’s Loan
“Purchaser”	Golden Wheel Jasper Company Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

“Sale and Purchase Agreement”	the agreement dated 3 March 2017 entered into among the Purchaser, the Vendor, the Company and the Vendor’s Guarantor in relation to the Proposed Acquisition
“Sale Share”	the one issued ordinary share of US\$1.00 of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loan”	all amounts owing by the Target Company to the Vendor as at Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Double Advance Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Term”	has the meaning given to it in the section headed “HOTEL MANAGEMENT AGREEMENT” in this announcement
“Undertaking”	has the meaning given to it in the section headed “THE SALE AND PURCHASE AGREEMENT – Condition precedent” in this announcement
“Vendor”	Dorsett Hospitality International Limited, an exempted company incorporated in the Cayman Islands

“Vendor’s Guarantor” Far East Consortium International Limited, an exempted company incorporated in the Cayman Islands and the shares of which are listed on the Stock Exchange (Stock Code: 35)

“%” per cent

By order of the Board
Golden Wheel Tiandi Holdings Company Limited
Wong Yam Yin
Chairman

Hong Kong, 3 March 2017

As at the date of this announcement, the Board of Directors of the Company consists of Mr. Wong Yam Yin, Mr. Wong Kam Fai, Mr. Wong Kam Keung, Barry, Mr. Tjie Tjin Fung and Mr. Janata David as Executive Directors; Mr. Suwita Janata and Mr. Gunawan Kiky as Non-Executive Directors; Mr. Hui Yan Moon, Mr. Wong Ying Loi, Ms. Howe Sau Man and Mr. Lie Tak Sen as Independent Non-Executive Directors.