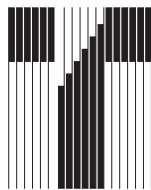


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TERN PROPERTIES COMPANY LIMITED

太興置業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 277)

(1) POSSIBLE OFF-MARKET SHARE BUY-BACK CONSTITUTING A CONNECTED TRANSACTION AND (2) RESUMPTION OF TRADING

Financial Adviser to the Company



Essence Corporate Finance (Hong Kong) Limited

Independent Financial Adviser



Founder Securities (Hong Kong) Capital Company Limited

THE SHARE BUY-BACK

On 26 April 2019 (after trading hours), the Covenantors executed the Deed of Undertaking (as amended and supplemented on 16 May 2019) in favour of the Company undertaking to execute the Share Buy-back Agreement relating to an off-market share buy-back by the Company from Grand Fort of 30,525,639 Buy-back Shares, representing approximately 9.92% of the entire issued share capital of the Company as at the date of this announcement.

The Company is a company incorporated in Hong Kong. Under Section 240 of the Companies Ordinance, a listed company may buy back its own shares, otherwise than under section 238 (share buy-back under general offer) or section 239 (share buy-back on recognised stock market or approved stock exchange) of the Companies Ordinance, if the contract for buy-back of the shares is authorised in advance by special resolution.

Although the form of the draft Share Buy-back Agreement has been negotiated and finalised between the Covenantors and the Company, the Company will not execute the Share Buy-back Agreement unless and until (i) the passing of the requisite resolution by at least three-fourths of the vote cast on a poll by the Independent Shareholders present in person or by proxy at a general meeting of the Company approving the Share Buy-back Agreement; (ii) the Executive having approved the Share Buy-back pursuant to the Buy-backs Code (and such approval not having been withdrawn or revoked and the condition(s) of such approval (if any) having been satisfied); and (iii) the Executive having granted a waiver in favour of Noranger from its obligation to make a general offer for the Shares which would otherwise arise as a result of Share Buy-back Completion pursuant to note 6 to Rule 26.1 of the Takeovers Code (and such waiver not having been withdrawn or revoked and the condition(s) of such waiver (if any) having been satisfied). It is the Company's intention to enter into the Share Buy-back Agreement with Grand Fort after the above conditions are satisfied.

Pursuant to the terms of the Share Buy-back Agreement, the total consideration of the Buy-back Shares is HK\$155,680,758.90 (equivalent to HK\$5.10 per Buy-back Share). The consideration will be settled in cash by the Company.

Following Share Buy-back Completion, the Buy-back Shares will be transferred to the Company and cancelled. The percentage interest of all Shareholders, in the issued Shares will be proportionally increased following the cancellation to the Buy-back Shares and the resulting reduction in the number of the issued Shares.

THE TRANSFER

On 26 April 2019 (after trading hours), being the same date of execution of the Deed of Undertaking, the Board was informed by Mr. Chan that, Grand Fort (as seller), Mr. Chim and Mr. Law (as the Guarantors), and Smartprint (as purchaser) have entered into the S&P Agreement, pursuant to which Smartprint conditionally agreed to acquire and Grand Fort conditionally agreed to sell the 30,525,638 Sale Shares, representing approximately 9.92% of the entire issued share capital of the Company as at the date of this announcement. Smartprint is a company wholly owned by Mr. Chan.

Share Buy-back Completion and S&P Completion are inter-conditional and shall take place simultaneously.

REGULATORY REQUIREMENTS

Listing Rules Implications

As at the date of this announcement, Grand Fort is a substantial Shareholder holding 61,051,277 Shares, representing approximately 19.84% of the entire issued share capital of the Company, and is thus a connected person of the Company. Accordingly, the entering into of the Share Buy-back Agreement shall constitute a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Buy-backs Code Implications

The Share Buy-back constitutes an off-market share buy-back by the Company under the Buy-backs Code. The Company will make an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the Share Buy-back by at least three-fourths of the vote cast on a poll by the Independent Shareholders in attendance in person or by proxy at a general meeting of the Company.

The execution of the Share Buy-back Agreement is conditional upon, among other things, the Share Buy-back having been approved by the Executive. Therefore, the Company will not proceed with the Share Buy-back unless the Executive has granted the relevant approval. There is no assurance that such approval will be granted or that all other conditions precedent to the Share Buy-back will be fulfilled.

As at the date of this announcement, the Chan Concert Group is interested in an aggregate of 174,564,896 Shares, representing approximately 56.72% of the entire issued share capital of the Company. Out of the 174,564,896 Shares, (i) 2,036,000 Shares (representing approximately 0.66% of the entire issued share capital of the Company as at the date of this announcement) are beneficially held by Mr. Chan; (ii) 792,000 Shares (representing approximately 0.26% of the entire issued share capital of the Company as at the date of this announcement) are beneficially held by Mr. Andrew Chan; (iii) 171,736,896 Shares (representing approximately 55.80% of the entire issued share capital of the Company as at the date of this announcement) are held as to 145,914,000 Shares (representing approximately 47.41% of the entire issued share capital of the Company as at the date of this announcement) by Noranger and as to 25,822,896 Shares (representing approximately 8.39% of the entire issued share capital of the Company as at the date of this announcement) by Evergrade. The issued share capital of Noranger is beneficially wholly owned by Beyers and the issued share capital of Evergrade is beneficially owned as to 50% by Mr. Chan and as to 50% by Beyers. Beyers is ultimately, indirectly and wholly owned by Sow Pin Trust, a discretionary trust, the founder of which is Mr. Chan and the beneficiaries of which are Mr. Chan and his family members. Immediately upon Share Buy-back Completion, S&P Completion and cancellation of the Buy-back Shares, the Chan Concert Group will be interested in an aggregate of 205,090,534 Shares, representing approximately 73.98% of the entire issued share capital of the Company.

As Smartprint is wholly owned by Mr. Chan and the S&P Agreement is inter-conditional with the Share Buy-back Agreement, Mr. Chan and his family members, including Mr. Andrew Chan, Ms. Emily Chan and Ms. Mary-ellen Chan, and the corporations controlled by Mr. Chan, namely Noranger and Evergrade, have material interests in the Share Buy-back. As such, Mr. Chan, Mr. Andrew Chan, Ms. Emily Chan, Ms. Mary-ellen Chan have abstained from voting on the relevant Board resolutions to approve the Share Buy-back. Save for the abovementioned Directors, no other Director has a material interest in the Deed of Undertaking, the Share Buy-back Agreement and the Share Buy-back, and is required to abstain from voting on the relevant Board resolutions.

Grant Fort, Mr. Chan, Mr. Andrew Chan, Noranger and Evergrade will also abstain from voting on the resolution to be proposed at the EGM for approving the Share Buy-Back Agreement and the Share Buy-back.

Takeovers Code Implications

As at the date of this announcement, Noranger is interested in 145,914,000 Shares, representing approximately 47.41% of the entire issued share capital of the Company. Immediately after Share Buy-back Completion and cancellation of the Buy-back Shares, the shareholding of Noranger in the Company will increase from approximately 47.41% to 52.63% giving rise to an obligation on the part of Noranger to make a general offer for all the Shares not already owned or agreed to be acquired by Noranger and the parties acting in concert with it under Rule 26.1 of the Takeovers Code.

The Board has been informed that Noranger will apply to the Executive for a waiver from its obligation to make a general offer pursuant to Note 6 to Rule 26.1 of the Takeovers Code.

Please refer to the paragraphs headed “Regulatory Requirements” below for further details.

GENERAL

The Independent Board Committee comprising all of the three independent non-executive Directors, namely Mr. Chan Kwok Wai, Mr. Tse Lai Han, Henry and Ms. Cheung Chong Wai, Janet, has been established to consider the Share Buy-back and to give recommendation to the Independent Shareholders on the Share Buy-back and the Share Buy-back Agreement. Ms. Maryellen Chan, the non-executive Director, has a material interest in the Share Buy-back, and is therefore excluded from the Independent Board Committee in giving recommendation in respect of the Share Buy-back.

Founder Securities Capital has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the Share Buy-back and the Share Buy-back Agreement.

A circular containing, among others: (i) details of the Share Buy-back Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Share Buy-back and the Share Buy-back Agreement; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Share Buy-back and the Share Buy-back Agreement, will be despatched in accordance with the Listing Rules, the Buy-backs Code and the Companies Ordinance in due course.

Currently, the Company is making preparations with an aim to issue the circular on or before 5 June 2019 (within 21 days from the date of this announcement) in accordance with Rule 5.1 of the Buy-backs Code and Rule 8.2 of the Takeovers Code. There is no assurance that the circular will be issued on or before that date. If there is such a delay, the Company will seek the Executive’s consent under Rule 5.1 of the Buy-backs Code and Rule 8.2 of the Takeovers Code if it becomes clear that the circular will not be able to be issued by that date and will apply to the Executive for an extension of time for the despatch of the circular. Further announcement(s) will be made by the Company as appropriate.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 29 April 2019 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 17 May 2019.

The Shareholders and potential investors should be aware that the Share Buy-back is subject to the conditions precedent set out in this announcement, and consequently the Share Buy-back may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Shares.

THE SHARE BUY-BACK

On 26 April 2019 (after trading hours), the Covenantors executed the Deed of Undertaking (as amended and supplemented on 16 May 2019) in favour of the Company undertaking to execute the Share Buy-back Agreement relating to an off-market share buy-back by the Company from Grand Fort of 30,525,639 Buy-back Shares, representing approximately 9.92% of the entire issued share capital of the Company as at the date of this announcement.

The Company is a company incorporated in Hong Kong. Under Section 240 of the Companies Ordinance, a listed company may buy back its own shares, otherwise than under section 238 (share buy-back under general offer) or section 239 (share buy-back on recognised stock market or approved stock exchange) of the Companies Ordinance, if the contract for buy-back of the shares is authorised in advance by special resolution.

Although the form of the draft Share Buy-back Agreement has been negotiated and finalised between the Covenantors and the Company, the Company will not execute the Share Buy-back Agreement unless and until (i) the passing of the requisite resolution by at least three-fourths of the vote cast on a poll by the Independent Shareholders present in person or by proxy at a general meeting of the Company approving the Share Buy-back Agreement; (ii) the Executive having approved the Share Buy-back pursuant to the Buy-backs Code (and such approval not having been withdrawn or revoked and the condition(s) of such approval (if any) having been satisfied); and (iii) the Executive having granted a waiver in favour of Noranger from its obligation to make a general offer for the Shares which would otherwise arise as a result of Share Buy-back Completion pursuant to note 6 to Rule 26.1 of the Takeovers Code (and such waiver not having been withdrawn or revoked and the condition(s) of such waiver (if any) having been satisfied). It is the Company's intention to enter into the Share Buy-back Agreement with Grand Fort after the above conditions are satisfied.

The Deed of Undertaking

Date

26 April 2019 (after trading hours)

Parties

- (i) the Covenantors
- (ii) the Company

The Deed of Undertaking shall take effect commencing on 26 April 2019 and shall be terminated upon the earlier of (i) the Long Stop Date; and (ii) by agreement of the parties in writing.

Each of the Covenantors has irrevocably undertaken to the Company that, after:

- (i) the passing of the requisite resolution by at least three-fourths of the vote cast on a poll by the Independent Shareholders present in person or by proxy at a general meeting of the Company approving the Share Buy-back Agreement;
- (ii) the Executive having approved the Share Buy-back pursuant to the Buy-backs Code (and such approval not having been withdrawn or revoked and the condition(s) of such approval (if any) having been satisfied); and
- (iii) the Executive having granted a waiver in favour of Noranger from its obligation to make a general offer for the Shares which would otherwise arise as a result of Share Buy-back Completion pursuant to note 6 to Rule 26.1 of the Takeovers Code (and such waiver not having been withdrawn or revoked and the condition(s) of such waiver (if any) having been satisfied),

each of the Covenantors shall execute and deliver the Share Buy-back Agreement to the Company on the later of (i) 2 July 2019; and (ii) the third Business Day after the satisfaction of the abovementioned conditions.

The Share Buy-back Agreement

Parties

- (i) Grand Fort (as seller)
- (ii) Mr. Chim (as one of the Guarantors)
- (iii) Mr. Law (as one of the Guarantors)
- (iv) the Company (as purchaser)

Buy-back Shares

Subject to the terms and conditions of the Share Buy-back Agreement, Grand Fort conditionally agrees to sell and the Company conditionally agrees to buy back the 30,525,639 Buy-back Shares, representing approximately 9.92% of the entire issued share capital of the Company as at the date of this announcement.

Consideration

The total consideration for the Buy-back Shares is HK\$155,680,758.90 (equivalent to HK\$5.10 per Buy-back Share) which was determined after arm's length negotiation between Grand Fort and the Company, and taking into account (i) the prevailing market conditions; (ii) the low liquidity of the Shares; (iii) the current market prices of the Shares; (iv) the net asset value per Share; and (v) the opportunity to restore the public float of the Company. The consideration will be settled in cash by the Company.

According to the disclosure of interest forms filed by Grand Fort, Mr. Chim and Mr. Law with the Stock Exchange on 6 September 2016, the average purchase cost of the Buy-back Shares of Grand Fort was HK\$3.25 per Share.

Comparison of value

The Buy-back Price of HK\$5.10 per Buy-back Share represents:

- (i) a premium of approximately 28.46% over the closing price of HK\$3.97 per Share as quoted on the Stock Exchange on 26 April 2019, being the Last Trading Day;
- (ii) a premium of approximately 28.46% over the average closing price of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$3.97 per Share;
- (iii) a premium of approximately 28.79% over the average closing price of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$3.96 per Share;
- (iv) a premium of approximately 24.69% over the average closing price of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$4.09 per Share;
- (v) a premium of approximately 22.01% over the average closing price of the Shares as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Trading Day of approximately HK\$4.18 per Share;
- (vi) a premium of approximately 22.01% over the average closing price of the Shares as quoted on the Stock Exchange for the last 180 consecutive trading days up to and including the Last Trading Day of approximately HK\$4.18 per Share;
- (vii) a premium of approximately 14.35% over the average closing price of the Shares as quoted on the Stock Exchange for the last 360 consecutive trading days up to and including the Last Trading Day of approximately HK\$4.46 per Share;

- (viii) a discount of approximately 57.99% to the audited consolidated net asset value of the Group of approximately HK\$12.14 per Share (based on a total of 307,758,522 Shares in issue as at the date of this announcement and the audited consolidated net asset value of the Group of HK\$3,735,855,000 as at 31 March 2018, as disclosed in the annual report of the Company dated 19 June 2018); and
- (ix) a discount of approximately 57.78% to the unaudited consolidated net asset value of the Group of approximately HK\$12.08 per Share (based on a total of 307,758,522 Shares in issue as at the date of this announcement and the unaudited consolidated net asset value of the Group of HK\$3,718,158,000 as at 30 September 2018, as disclosed in the interim report of the Company dated 15 November 2018).

Taking into consideration that the Group is involved in an asset-intensive business, whereby a majority of its assets are investment properties, the Board considers that the Group's unaudited consolidated net asset value as at 30 September 2018 per Share (i.e. approximately HK\$12.08 per Share) is a more appropriate benchmark over the current market price and it is substantially higher than the Buy-back Price. Although the Buy-back Price represents a premium of more than 20% over the current market price of the Shares, the Board considers that the market price level is relatively of less significance as it would not be possible for the Company to purchase sufficient number of Shares in the open market at such price levels and with any certainty. In view of the above, the Board considers that the Share Buy-back is a good opportunity for the Company to buy back its Shares at a reasonable price at a significant discount to net asset value per Share even though the consideration is higher than the market price.

Conditions precedent to Share Buy-back Completion

Share Buy-back Completion is conditional upon the satisfaction (or waiver by the Company) of the following conditions precedent:

- (i) the Company having sufficient reserves to effect the Share Buy-back in compliance with the relevant law and regulations;
- (ii) the warranties provided by Grand Fort and the Guarantors under the Share Buy-back Agreement remaining true, accurate and not misleading in all respects; and
- (iii) the conditions precedent under the S&P Agreement having been fulfilled or waived (as the case may be) (save for the condition requiring the Share Buy-back Agreement to become unconditional).

The Company may, at its absolute discretion, waive conditions (ii) and (iii) above. Condition (i) is not waivable as the Company will need to ensure that it has sufficient funds before implementing the Share Buy-back.

In the event that any of the above conditions are not satisfied or waived (as applicable) on or before 5:00 p.m. on the expiry of two months from the date of the Share Buy-back Agreement or such later date as agreed by the parties in writing, the Share Buy-back Agreement shall cease and determine.

Share Buy-back Completion

Share Buy-back Completion will take place on the fifth Business Day after the conditions under the Share Buy-back Agreement have been fulfilled or waived or such other date as the parties may agree in writing.

Share Buy-back Completion and S&P Completion are inter-conditional and shall take place simultaneously.

Following Share Buy-back Completion, the Buy-back Shares will be transferred to the Company and cancelled. The percentage interest of all Shareholders in the issued share capital of the Company will be proportionally increased following the cancellation to the Buy-back Shares and the resulting reduction in the number of the issued Shares.

THE TRANSFER

On 26 April 2019 (after trading hours), being the same date of execution of the Deed of Undertaking, the Board was informed by Mr. Chan that, Grand Fort (as seller), Mr. Chim and Mr. Law (as the Guarantors), and Smartprint (as purchaser) have entered into the S&P Agreement, pursuant to which Smartprint conditionally agreed to acquire and Grand Fort conditionally agreed to sell the 30,525,638 Sale Shares, representing approximately 9.92% of the entire issued share capital of the Company as at the date of this announcement. Smartprint is a company wholly owned by Mr. Chan.

Immediately prior to Share Buy-back Completion, S&P Completion and cancellation of the Buy-back Shares, the Chan Concert Group was interested in an aggregate of 174,564,896 Shares, representing approximately 56.72% of the entire issued share capital of the Company as at the date of this announcement. Immediately upon Share Buy-back Completion, S&P Completion and cancellation of the Buy-back Shares, the Chan Concert Group will be interested in an aggregate of 205,090,534 Shares, representing approximately 73.98% of the entire issued share capital of the Company.

The S&P Agreement

Date

26 April 2019 (after trading hours)

Parties

- (i) Grand Fort (as seller)
- (ii) Mr. Chim (as one of the Guarantors)
- (iii) Mr. Law (as one of the Guarantors)
- (iv) Smartprint (as purchaser)

Shares to be transferred

Subject to the terms and conditions of the S&P Agreement, Grand Fort conditionally agreed to sell and Smartprint conditionally agreed to acquire the 30,525,638 Sale Shares, representing approximately 9.92% of the entire issued share capital of the Company as at the date of this announcement.

Consideration

The total consideration for the Sale Shares is HK\$155,680,753.80 (equivalent to HK\$5.10 per Sale Share) which was determined after arm's length negotiation between Grand Fort and Smartprint, and taking into account the consideration for each Buy-back Share. The consideration for each Sale Share is the same as the consideration for each Buy-back Share to be acquired by the Company pursuant to the Share Buy-back Agreement. The total consideration will be settled in cash by Mr. Chan's own financial resources.

Conditions precedent to S&P Completion

S&P Completion is conditional upon the satisfaction (or waiver by Smartprint) of the following conditions precedent:

- (i) the warranties provided by Grand Fort and the Guarantors under the S&P Agreement remaining true, accurate and not misleading in all respects; and
- (ii) the conditions precedent under the Share Buy-back Agreement having been fulfilled or waived (as the case may be) (save for the condition requiring the S&P Agreement to become unconditional).

Smartprint may, at its absolute discretion, waive conditions (i) and (ii) above.

In the event that any of the above conditions are not satisfied or waived (as applicable) on or before 5:00 p.m. on the Long Stop Date, the S&P Agreement shall cease and determine.

S&P Completion

S&P Completion will take place on the fifth Business Day after the conditions contemplated under the S&P Agreement have been fulfilled or waived or such other date as the parties may agree in writing.

S&P Completion and Buy-back Completion are inter-conditional and shall take place simultaneously.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the Company's shareholding structure (i) as at the date of this announcement; (ii) immediately upon Share Buy-back Completion and cancellation of the Buy-back Shares; and (iii) immediately upon Share Buy-back Completion, S&P Completion and cancellation of the Buy-back Shares:

	As at the date of this announcement		Immediately upon Share Buy-back Completion and cancellation of the Buy-back Shares		Immediately upon Share Buy-back Completion, S&P Completion and cancellation of the Buy-back Shares	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Mr. Chan (<i>Notes 1, 2 & 3</i>)	2,036,000	0.66	2,036,000	0.73	2,036,000	0.73
Smartprint	–	0.00	–	0.00	30,525,638	11.01
Noranger (<i>Note 2</i>)	145,914,000	47.41	145,914,000	52.63	145,914,000	52.63
Evergrade (<i>Note 3</i>)	25,822,896	8.39	25,822,896	9.32	25,822,896	9.32
Mr. Andrew Chan (<i>Note 4</i>)	792,000	0.26	792,000	0.29	792,000	0.29
<i>Sub-total of the Chan Concert Group</i>	<i>174,564,896</i>	<i>56.72</i>	<i>174,564,896</i>	<i>62.97</i>	<i>205,090,534</i>	<i>73.98</i>
Grand Fort	61,051,277	19.84	30,525,638	11.01	–	0.00
<i>Non-public Shareholders</i>	<i>235,616,173</i>	<i>76.56</i>	<i>205,090,534</i>	<i>73.98</i>	<i>205,090,534</i>	<i>73.98</i>
Public Shareholders	72,142,349	23.44	72,142,349	26.02	72,142,349	26.02
Total	<u>307,758,522</u>	<u>100.00</u>	<u>277,232,883</u>	<u>100.00</u>	<u>277,232,883</u>	<u>100.00</u>

Notes:

1. Mr. Chan is beneficially interested in 2,036,000 Shares.
2. Noranger is wholly owned by Beyers which is indirectly owned by Sow Pin Trust, a discretionary trust, the beneficiaries of which are Mr. Chan and his family members. Mr. Chan is the founder of Sow Pin Trust. Credit Suisse Trust Limited, the trustee of Sow Pin Trust, is the holding company of Brock Nominees Limited which wholly owned Global Heritage Group Limited and in turn wholly owned Beyers.
3. Evergrade is beneficially owned as to 50% by Mr. Chan and as to 50% by Beyers.
4. Mr. Andrew Chan, an executive Director and a son of Mr. Chan, is beneficially interested in 792,000 Shares.

As illustrated above, the public float of the Company shall be restored and will be above the minimum prescribed percentage of 25% as required under Rule 8.08 of the Listing Rules after Share Buy-back Completion, S&P Completion and cancellation of the Buy-back Shares.

INFORMATION ON THE COMPANY

The Company, an investment holding company, is incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 277). The Group is principally engaged in property investment and securities investment.

As at the date of this announcement, there are 307,758,522 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares or other types of equity interest as at the date of this announcement.

For the two years ended 31 March 2017 and 2018, the audited consolidated net (loss)/profit before taxation of the Group were approximately HK\$(17,348,000) and HK\$119,811,000 respectively and the audited consolidated (loss)/profit attributable to owners of the Company were approximately HK\$(29,312,000) and HK\$110,255,000 respectively.

According to the interim report of the Company for the six months ended 30 September 2018, the unaudited consolidated net asset value of the Group amounted to HK\$3,718,158,000 as at 30 September 2018.

INFORMATION ON GRAND FORT

Grand Fort is an investment holding company and is held as to 50% by Mr. Chim and as to 50% by Mr. Law. Grand Fort is a substantial Shareholder holding 61,051,277 Shares, representing approximately 19.84% of the entire issued share capital of the Company as at the date of this announcement. It is independent of the Directors and other substantial Shareholders. It does not have a representative on the Board and has not been involved in the management of the Group.

REASONS FOR AND BENEFITS OF THE SHARE BUY-BACK

Shortfall in the Public Float

The main purpose of the Share Buy-back is to restore the public float of the Company. As disclosed in the section headed “Effects on the Shareholding Structure of the Company” above, as at the date of this announcement, the aggregate interests of the Chan Concert Group and Grand Fort are approximately 76.56%, and therefore only approximately 23.44% of the Shares are held by the public, which is below the minimum prescribed percentage of 25% under Rule 8.08 of the Listing Rules.

References are made to the announcements of the Company dated (i) 30 September 2016; (ii) 7 November 2016; (iii) 7 December 2016; (iv) 10 January 2017; (v) 10 February 2017; (vi) 10 March 2017; (vii) 10 April 2017; (viii) 11 May 2017; (ix) 13 June 2017; (x) 13 July 2017; (xi) 17 August 2017; (xii) 19 September 2017; (xiii) 21 December 2017; (xiv) 27 March 2018; (xv) 28 June 2018; (xvi) 4 October 2018; (xvii) 2 January 2019; and (xviii) 12 April 2019, in relation to the shortfall in the public float of the Company. As disclosed in the aforementioned announcements, the Company is of the view that the shortfall in the public float arose solely from the acquisition of 61,051,277 Shares by Grand Fort on 1 September 2016.

The Company has been considering various options to restore public float, and considered that an off-market share buy-back from a substantial Shareholder on commercially reasonable terms would be a feasible option. Immediately upon Share Buy-back Completion, S&P Completion and cancellation of the Buy-back Shares, the public float would be restored to approximately 26.02% which would meet the prescribed requirement under Rule 8.08 of the Listing Rules.

Grand Fort to Dispose of its Investment in One Single Disposal

Grand Fort intends to realise its investment in the Company for other investment opportunities and to dispose of all the Shares held by it in one single disposal. It does not intend to hold any Shares after completion of the sale of the Buy-back Shares and the Sale Shares.

Taking into consideration that Grand Fort intends to dispose of all the 61,051,277 Shares held by it in one single disposal, to reduce the financial burden of the Company and to demonstrate Mr. Chan's confidence in the future of the Group, Mr. Chan had agreed to purchase a portion of the Shares held by Grand Fort. It is a commercial term that each of Smartprint and the Company will purchase 50% of the Shares held by Grand Fort and the parties would require Share Buy-back Completion and S&P Completion to be inter-conditional such that the disposal of all the Shares held by Grand Fort can take place at the same time.

Proposed Implementation of the Share Buy-back

The Company has also taken into consideration the following before implementing the Share Buy-back:

- (i) the Company would be able to restore its public float requirement under the Listing Rules upon Share Buy-back Completion and cancellation of the Buy-back Shares;
- (ii) as the liquidity of the Shares is low, it is difficult to issue and/or place new Shares to investors without a substantial discount to the Share prices, whilst the issue of new Shares will have dilution effect on the shareholding of all the existing Shareholders as a whole;
- (iii) the Buy-back Price per Share is at a substantial discount of approximately 57.78% to the unaudited consolidated net asset value of the Group of approximately HK\$12.08 per Share as at 30 September 2018;

- (iv) there will be a buffer of approximately 1.02% over the minimum public float requirement of 25% under Rule 8.08 of the Listing Rules;
- (v) the Share Buy-back is a good opportunity to enhance the earnings per Share and the rate of return on capital of the Company; and
- (vi) the Share Buy-back will result in an approximately 6.36% enhancement in the net asset value per Share attributable to the owners of the Company based on the unaudited consolidated net asset value of the Group of HK\$3,718,158,000 as at 30 September 2018, as disclosed in the interim report of the Company dated 15 November 2018.

In view of the above, the Directors (excluding Mr. Chan, Mr. Andrew Chan, Ms. Emily Chan and Ms. Mary-ellen Chan who are interested in the S&P Agreement) considered that the Share Buy-back is a good opportunity to restore the public float of the Company and the terms of the Share Buy-back and the Share Buy-back Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The members of the Independent Board Committee will further consider and set out their final views after taking advice from the Independent Financial Adviser in the circular to be issued.

REGULATORY REQUIREMENTS

Listing Rules Implications

As at the date of this announcement, Grand Fort is a substantial Shareholder holding 61,051,277 Shares, which represent approximately 19.84% of the entire issued share capital of the Company, and is thus a connected person of the Company. Accordingly, the entering into of the Share Buy-back Agreement shall constitute a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Buy-backs Code Implications

The Share Buy-back constitutes an off-market share buy-back by the Company under the Buy-backs Code. The Company will make an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the Share Buy-back by at least three-fourths of the vote cast on a poll by the Independent Shareholders in attendance in person or by proxy at a general meeting of the Company.

The execution of the Share Buy-back Agreement is conditional upon, among other things, the Share Buy-back having been approved by the Executive. Therefore, the Company will not proceed with the Share Buy-back unless the Executive has granted the relevant approval. There is no assurance that such approval will be granted or that all other conditions precedent to the Share Buy-back will be fulfilled.

As at the date of this announcement, the Chan Concert Group is interested in an aggregate of 174,564,896 Shares, representing approximately 56.72% of the entire issued share capital of the Company. Out of the 174,564,896 Shares, (i) 2,036,000 Shares (representing approximately 0.66% of the entire issued share capital of the Company as at the date of this announcement) are beneficially held by Mr. Chan; (ii) 792,000 Shares (representing approximately 0.26% of the entire issued share capital of the Company as at the date of this announcement) are beneficially held by Mr. Andrew Chan; and (iii) 171,736,896 Shares (representing approximately 55.80% of the entire issued share capital of the Company as at the date of this announcement) are held as to 145,914,000 Shares (representing approximately 47.41% of the entire issued share capital of the Company as at the date of this announcement) by Noranger and as to 25,822,896 Shares (representing approximately 8.39% of the entire issued share capital of the Company as at the date of this announcement) by Evergrade.

The issued share capital of Noranger is beneficially wholly owned by Beyers and the issued share capital of Evergrade is beneficially owned as to 50% by Mr. Chan and as to 50% by Beyers. Beyers is ultimately, indirectly and wholly owned by Sow Pin Trust, a discretionary trust, the founder of which is Mr. Chan and the beneficiaries of which are Mr. Chan and his family members. Immediately upon Share Buy-back Completion, S&P Completion and cancellation of the Buy-back Shares, the Chan Concert Group will be interested in an aggregate of 205,090,534 Shares, representing approximately 73.98% of the entire issued share capital of the Company.

As Smartprint is wholly owned by Mr. Chan and the S&P Agreement is inter-conditional with the Share Buy-back Agreement, Mr. Chan and his family members, including Mr. Andrew Chan, Ms. Emily Chan and Ms. Mary-ellen Chan, and the corporations controlled by Mr. Chan, namely Noranger and Evergrade, have material interests in the Share Buy-back. As such, Mr. Chan, Mr. Andrew Chan, Ms. Emily Chan, Ms. Mary-ellen Chan have abstained from voting on the relevant Board resolutions to approve the Share Buy-back. Save for the abovementioned Directors, no other Director has a material interest in the Deed of Undertaking, the Share Buy-back Agreement and the Share Buy-back, and is required to abstain from voting on the relevant Board resolutions.

As disclosed above and as required by the Buy-backs Code, the following Shareholders have a material interest in the Share Buy-back which is different from the interests of all other Shareholders, and shall abstain from voting on the resolution to be proposed at the EGM for approving the Share Buy-Back Agreement and the Share Buy-back:

- (i) Grand Fort (which holds 61,051,277 Shares representing approximately 19.84% of the entire issued share capital of the Company as at the date of this announcement);
- (ii) Mr. Chan (who holds 2,036,000 Shares representing approximately 0.66% of the entire issued share capital of the Company as at the date of this announcement);
- (iii) Mr. Andrew Chan (who holds 792,000 Shares representing approximately 0.26% of the entire issued share capital of the Company as at the date of this announcement);
- (iv) Noranger (which holds 145,914,000 Shares representing approximately 47.41% of the entire issued share capital of the Company as at the date of this announcement); and
- (v) Evergrade (which holds 25,822,896 Shares representing approximately 8.39% of the entire issued share capital of the Company as at the date of this announcement).

Takeovers Code Implications

As at the date of this announcement, Noranger is interested in 145,914,000 Shares, representing approximately 47.41% of the entire issued share capital of the Company. Immediately after Share Buy-back Completion and cancellation of the Buy-back Shares, the shareholding of Noranger in the Company will increase from approximately 47.41% to 52.63% giving rise to an obligation on the part of Noranger to make a general offer for all the Shares not already owned or agreed to be acquired by Noranger and the parties acting in concert with it under Rule 26.1 of the Takeovers Code.

The Board has been informed that Noranger will apply to the Executive for a waiver from its obligation to make a general offer pursuant to Note 6 to Rule 26.1 of the Takeovers Code.

DEALINGS AND INTERESTS IN THE COMPANY

The Company confirms that as at the date of this announcement:

- (i) the Company has not received any irrevocable commitment to approve or vote against the resolution to be proposed at the EGM for approving the Share Buy-back Agreement and the Share Buy-back;
- (ii) save for the Deed of Undertaking, the Share Buy-back Agreement and the S&P Agreement, there is no other arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares and which might be material to the Share Buy-back (as referred to Note 8 to Rule 22 of the Takeovers Code);
- (iii) save for the Deed of Undertaking, the Share Buy-back Agreement and the S&P Agreement, there is no agreement or arrangement to which the Company is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Buy-back;
- (iv) apart from the total consideration for the Buy-back Shares, the Company has not paid and will not pay any other consideration, compensation or benefit in whatever form to Grand Fort, Mr. Chim, Mr. Law and/or their respective concert parties in connection with the Share Buy-back;
- (v) apart from the Deed of Undertaking, the Share Buy-back Agreement and the S&P Agreement, there is no other understanding, arrangement or special deal between the Group on the one hand, and Grand Fort, Mr. Chim and Mr. Law and any parties acting in concert with them on the other hand; and
- (vi) apart from the Deed of Undertaking, the Share Buy-back Agreement and the S&P Agreement, there is no understanding, arrangement or agreement or special deal between the Company and (i) any Shareholders or recent Shareholders; (ii) Grand Fort, Mr. Chim and Mr. Law, and any parties acting in concert with them; or (iii) any Directors or recent Directors.

As at the date of this announcement:

- (i) save for the 30,525,639 Buy-back Shares and the 30,525,638 Sale Shares held by Grand Fort, none of Grand Fort, Mr. Chim, Mr. Law and parties acting in concert with them owns or has dealt in any Shares, options, derivatives, warrants or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into Shares during the six-month period immediately prior to the date of this announcement;
- (ii) save for the 30,525,639 Buy-back Shares and the 30,525,638 Sale Shares held by Grand Fort, none of Grand Fort, Mr. Chim, Mr. Law and parties acting in concert with them holds, owns or has control or direction over any shares, convertible securities, warrants, options or derivatives in respect of the Shares;
- (iii) none of Grand Fort, Mr. Chim, Mr. Law and parties acting in concert with any of them has received any irrevocable commitment to approve or vote against on the resolution to be proposed at the EGM for approving the Share Buy-back Agreement and the Share Buy-back;
- (iv) there are no outstanding derivatives in respect of the securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which are owned, controlled or directed by, or have been entered into by Grand Fort, Mr. Chim, Mr. Law and any person acting in concert with any of them;
- (v) save for the conditions set out in the Share Buy-back Agreement as disclosed in the section headed “Conditions precedent to Share Buy-back Completion” above and in the S&P Agreement as disclosed in the section headed “Conditions precedent to S&P Completion” above, there are no other conditions (including normal conditions relating to acceptance, listing and increase of capital) to which the Share Buy-back is subject;
- (vi) save for the Deed of Undertaking, the Share Buy-back Agreement and the S&P Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of Grand Fort or the Shares and which might be material to the Share Buy-back (as referred to Note 8 to Rule 22 of the Takeovers Code);
- (vii) save for the Deed of Undertaking, the Share Buy-back Agreement and the S&P Agreement, there is no agreement or arrangement to which Grand Fort, Mr. Chim, Mr. Law and parties acting in concert with them is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Buy-back;
- (viii) none of Grand Fort, Mr. Chim, Mr. Law and parties acting in concert with them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (ix) apart from the consideration for the Buy-back Shares and the Sale Shares payable to Grand Fort, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Group or Smartprint to Grand Fort, Mr. Chim, Mr. Law and any parties acting in concert with them in connection with the Share Buy-back and the Transfer; and

- (x) apart from the S&P Agreement, there is no other understanding, arrangement or special deal between Smartprint and parties acting in concert with it on the one hand, and Grand Fort, Mr. Chim and Mr. Law and any parties acting in concert with them on the other hand.

GENERAL

The Independent Board Committee comprising all of the three independent non-executive Directors, namely Mr. Chan Kwok Wai, Mr. Tse Lai Han, Henry and Ms. Cheung Chong Wai, Janet, has been established to consider the Share Buy-back and to give recommendation to the Independent Shareholders on the Share Buy-back and the Share Buy-back Agreement. As mentioned above, Ms. Mary-ellen Chan, the non-executive Director, has a material interest in the Share Buy-back, and is therefore excluded from the Independent Board Committee in giving recommendation in respect of the Share Buy-back.

Founder Securities Capital has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the Share Buy-back and the Share Buy-back Agreement.

A circular containing, among others: (i) details of the Share Buy-back Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Share Buy-back and the Share Buy-back Agreement; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Share Buy-back and the Share Buy-back Agreement, will be despatched in accordance with the Listing Rules, the Buy-backs Code and the Companies Ordinance in due course.

Currently, the Company is making preparations with an aim to issue the circular on or before 5 June 2019 (within 21 days from the date of this announcement) in accordance with Rule 5.1 of the Buy-backs Code and Rule 8.2 of the Takeovers Code. However, there is no assurance that the circular will be issued on or before that date. If there is such a delay, the Company will seek the Executive's consent under Rule 5.1 of the Buy-backs Code and Rule 8.2 of the Takeovers Code if it becomes clear that the circular will not be able to be issued by that date and will apply to the Executive for an extension of time for the despatch of the circular. Further announcement(s) will be made by the Company as appropriate.

The Shareholders and potential investors should be aware that the Share Buy-back is subject to the conditions precedent set out in this announcement, and consequently the Share Buy-back may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 29 April 2019 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of the trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 17 May 2019.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meaning:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Beyers”	Beyers Investments Limited, a company ultimately, indirectly and wholly owned by Sow Pin Trust, a discretionary trust, the beneficiaries of which are Mr. Chan and his family members
“Board”	the board of Directors
“Business Day(s)”	a business day is a day on which the Stock Exchange is open for the transaction of business
“Buy-back Price”	HK\$5.10 per Buy-back Share payable by the Company for the Share Buy-back
“Buy-back Share(s)”	30,525,639 Shares, representing approximately 9.92% of the entire issued share capital of the Company as at the date of this announcement, and legally and beneficially owned by Grand Fort and to be transferred to the Company for cancellation pursuant to the terms and conditions of the Share Buy-back Agreement
“Buy-backs Code”	the Hong Kong Code on Share Buy-backs
“Chan Concert Group”	Mr. Chan and parties acting in concert with him, including Mr. Andrew Chan, Ms. Emily Chan, Ms. Mary-ellen Chan, Smartprint, Noranger and Evergrade
“Company”	Tern Properties Company Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 277)
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“connected person”	has the meaning ascribed to it under the Listing Rules
“Covenantors”	collectively, Grand Fort, Mr. Chim and Mr. Law

“Deed of Undertaking”	a deed of irrevocable undertaking (as amended and supplemented by a supplemental deed of undertaking dated 16 May 2019) executed by the Covenantors on 26 April 2019 in favour of the Company
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company to consider and approve, among other things, the Share Buy-back Agreement and the transactions contemplated thereunder
“Evergrade”	Evergrade Investments Limited, a company which is beneficially owned as to 50% by Mr. Chan and as to 50% by Beyers
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Founder Securities Capital” or “Independent Financial Adviser”	Founder Securities (Hong Kong) Capital Company Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), and appointed as the independent financial adviser by the Company with the approval of the Independent Board Committee and to make recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Share Buy-back and the Share Buy-back Agreement
“Grand Fort”	Grand Fort Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is held as to 50% by Mr. Chim and as to 50% by Mr. Law
“Group”	the Company and its subsidiaries (from time to time)
“Guarantors”	Mr. Chim and Mr. Law
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising Mr. CHAN Kwok Wai (陳國偉), Mr. TSE Lai Han, Henry (謝禮恒) and Ms. CHEUNG Chong Wai, Janet (張頌慧), each an independent non-executive Director, who has no direct or indirect interest in the Share Buy-back and the Share Buy-back Agreement, which has been established to make recommendation to the Independent Shareholders in respect of the Share Buy-back and the Share Buy-back Agreement

“Independent Shareholders”	Shareholder(s) other than (i) Grand Fort and parties acting in concert with them; (ii) the members of the Chan Concert Group, and (iii) Shareholders who have material interests or are involved in the Share Buy-back and the Transfer
“Last Trading Day”	26 April 2019, being the last trading day of the Shares on the Stock Exchange immediately prior to the halt of trading in the Shares pending the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	2 July 2019 or such other date as agreed by the parties in writing
“Mr. Andrew Chan”	Mr. CHAN Yan Tin, Andrew (陳恩典), an executive Director and a son of Mr. Chan
“Mr. Chan”	Mr. CHAN Hoi Sow (陳海壽), the chairman of the Company and an executive Director and the father of Mr. Andrew Chan, Ms. Emily Chan and Ms. Mary-ellen Chan
“Mr. Chim”	Mr. CHIM Pui Chung (詹培忠)
“Mr. Law”	Mr. LAW Fei Shing (羅輝城)
“Ms. Emily Chan”	Ms. CHAN Yan Wai, Emily (陳恩蕙), an executive Director and a daughter of Mr. Chan
“Ms. Mary-ellen Chan”	Ms. CHAN Yan Mei, Mary-ellen (陳恩美), a non-executive Director and a daughter of Mr. Chan
“Noranger”	Noranger Company Limited, a company beneficially wholly owned by Beyers
“Sale Shares”	30,525,638 Shares, representing approximately 9.92% of the entire issued share capital of the Company as at the date of this announcement, and legally and beneficially owned by Grand Fort and to be acquired by Smartprint from Grand Fort pursuant to the terms and conditions of the S&P Agreement
“Share(s)”	share(s) in the share capital of the Company
“Share Buy-back”	the possible buy-back of the Shares by the Company for cancellation pursuant to the terms and conditions of the Share Buy-back Agreement, which constitutes an off-market share buy-back by the Company pursuant to Rule 2 of the Buy-backs Code

“Share Buy-back Agreement”	the share buy-back agreement, substantially in an agreed form, to be entered into between Grand Fort, the Guarantors and the Company
“Share Buy-back Completion”	completion of the Share Buy-back Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Smartprint”	Smartprint Development Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Chan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“S&P Agreement”	the conditional sale and purchase agreement dated 26 April 2019 entered into between Grand Fort, the Guarantors and Smartprint
“S&P Completion”	completion of the S&P Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Transfer”	the conditional sale of the Sale Shares by Grand Fort to Smartprint as contemplated under the S&P Agreement
“%”	per cent.

By order of the Board of
Tern Properties Company Limited
Chan Hoi Sow
Chairman

Hong Kong, 16 May 2019

As at the date of this announcement, the Board comprises seven Directors, of which three are executive Directors, namely Mr. CHAN Hoi Sow, Mr. CHAN Yan Tin, Andrew and Ms. CHAN Yan Wai, Emily, one is non-executive Director, namely Ms. CHAN Yan Mei, Mary-ellen, and three are independent non-executive Directors, namely Mr. CHAN Kwok Wai, Mr. TSE Lai Han, Henry and Ms. CHEUNG Chong Wai, Janet.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.