

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Joint Offerors or the Company nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law.

**HONG FOK
CORPORATION
(CAYMAN)
LIMITED**
*(Incorporated in
the Cayman Islands
with limited liability)*

**HONG FOK
ENTERPRISES
LIMITED**
*(Incorporated in
Hong Kong with
limited liability)*

**HONG FOK
CORPORATION
(H.K.) LIMITED**
*(Incorporated in
Hong Kong with
limited liability)*

**HONG FOK LAND
INTERNATIONAL LIMITED**
(鴻福國際有限公司*)
*(Incorporated in Bermuda with
limited liability)*

**BARRAGAN
TRADING CORP**
*(Incorporated in the
British Virgin Islands
with limited liability)*

**DEKKER ASSETS
LIMITED**
*(Incorporated in the
British Virgin Islands
with limited liability
and continued in
Samoa)*

**CHEONG ZEE YEE
LING, HELEN**
**CHEONG HOOI
KHENG**

JOINT ANNOUNCEMENT

PROPOSED PRIVATISATION OF HONG FOK LAND INTERNATIONAL LIMITED BY THE JOINT OFFERORS BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF THE COMPANIES ACT OF BERMUDA

Financial Adviser to the Joint Offerors



Independent Financial Adviser to the Independent Board Committee



1. INTRODUCTION

The Joint Offerors and the Company jointly announce that, on 14 November 2021, the Joint Offerors requested the Board to put forward the Proposal for the privatisation of the Company, which will involve the implementation of the Scheme to cancel and extinguish the Scheme Shares and the payment of the Cancellation Price to the Scheme Shareholders. The Scheme will be carried out by way of a scheme of arrangement under section 99 of the Companies Act.

If all the Scheme Conditions are fulfilled (or waived as applicable) on or before the Long Stop Date, the Joint Offerors will implement the Scheme to cancel and extinguish the Scheme Shares.

If the Scheme does not become unconditional on or before the Long Stop Date, the Proposal will not be implemented and the Scheme will not become effective.

2. THE SCHEME

If the Scheme is approved and the Proposal is implemented, the Scheme Shares will be cancelled and extinguished and, in consideration thereof, each Scheme Shareholder will be entitled to receive the Cancellation Price, being HK\$0.56 in cash for each Scheme Share cancelled and extinguished.

The total consideration payable to the Scheme Shareholders for the Scheme Shares cancelled and extinguished will be paid by the Joint Offerors.

The Cancellation Price will not be increased and the Joint Offerors do not reserve the right to do so.

The Cancellation Price has been determined on arm's length basis after taking into account, among other things, the latest available financial information of the Company including the valuation report on the Group's investment properties as at 31 December 2020 prepared for the purpose of the financial statements, market multiples of comparable companies listed on the Stock Exchange and the prevailing market conditions and sentiments.

The implementation of the Proposal is conditional upon the fulfillment or waiver, as applicable, of the Scheme Conditions as described in the section headed "Scheme Conditions" below. All Scheme Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, otherwise the Scheme will lapse.

Only Independent Shareholders may vote at the Court Meeting on the resolutions to approve the Scheme. The Joint Offerors will not vote at the Court Meeting on the resolutions to approve the Scheme.

3. TOTAL CONSIDERATION AND FINANCIAL RESOURCES

As at the date of this joint announcement, there are 1,451,190,401 Shares in issue of which the Joint Offerors are interested in an aggregate of 1,183,212,665 Shares, representing approximately 81.53% of the total issued share capital of the Company. The Independent Shareholders are interested in 267,977,736 Scheme Shares, representing approximately 18.47% of the total issued share capital of the Company, as at the date of this joint announcement. There are no outstanding warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

The maximum amount of consideration required for the Scheme is approximately HK\$150,067,532.

The Joint Offerors intend to finance the consideration required for the Scheme through internal financial resources. Lego, as the financial adviser to the Joint Offerors, is satisfied that sufficient financial resources are, and will remain, available to the Joint Offerors for the full implementation of the Proposal in accordance with its terms.

4. INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, comprising the independent non-executive directors, being Mr. Ng Lin Fung and Mr. Chan Yee Hoi, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the terms of the Proposal are, or are not, fair and reasonable and as to voting.

Mr. Cheong PC and Mr. Cheong SE, being Directors, have abstained and will continue to abstain from voting at the relevant meetings of the Board in relation to the Proposal given each of them has a material interest in the Proposal. Cheong Zee Yee Ling, Helen, a joint offeror, is the spouse of Mr. Cheong PC; and Cheong Hooi Kheng, a joint offeror, is the sibling of both Mr. Cheong PC and Mr. Cheong SE. The Independent Board Committee has reserved its opinion pending advice of the Independent Financial Adviser.

5. INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme. The appointment of Gram Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

6. DESPATCH OF SCHEME DOCUMENT

Under Rule 8.2 of the Takeovers Code, unless the Executive's consent is obtained, the Scheme Document, including further details of the Proposal, the Scheme, an explanatory statement, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from Gram Capital, notices of the Court Meeting and the SGM, the forms of proxy, as well as other particulars required by the Takeovers Code, should be despatched to the Shareholders within 21 days of the date of this joint announcement, which in this case would be on or before 6 December 2021, and in compliance with the requirements of the Companies Act, the Bermuda Court and other applicable regulations.

As additional time is required to finalise the financial information and valuation report to be included in the Scheme Document, the Joint Offerors will make an application to the Executive to seek its consent to extend the latest time for the despatch of the Scheme Document. A further announcement will be made in this regard.

7. RULE 3.5 OF THE TAKEOVERS CODE

This joint announcement is being made pursuant to Rule 3.5 of the Takeovers Code due to the fact that the Company is a public company for the purposes of paragraph 4.1 of the Introduction to the Takeovers Code.

WARNINGS

Shareholders and potential investors of the Company should be aware that the implementation of the Proposal is subject to the Scheme Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company 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.

This joint announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote in favour of or against the Proposal. Any acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas Shareholders will be contained in the Scheme Document.

INTRODUCTION

On 14 November 2021, the Joint Offerors requested the Board to put forward the Proposal for the privatisation of the Company, which will involve the implementation of the Scheme to cancel and extinguish the Scheme Shares and the payment of the Cancellation Price to the Scheme Shareholders. The Scheme will be carried out by way of a scheme of arrangement under section 99 of the Companies Act.

If the Scheme is approved and the Proposal is implemented, the share capital of the Company will, on the effective date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares. Immediately upon such reduction, the issued share capital of the Company will be restored to its former amount by the issuance at par to the Joint Offerors, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Joint Offerors.

THE PROPOSAL

Approval by Independent Shareholders

Only Independent Shareholders may vote at the Court Meeting on the resolution to approve the Scheme. The Joint Offerors will not vote at the Court Meeting on the resolution to approve the Scheme.

As at the date of this joint announcement, there are 1,451,190,401 Shares in issue of which the Joint Offerors are interested in an aggregate of 1,183,212,665 Shares, representing approximately 81.53% of the total issued share capital of the Company. The Independent Shareholders are interested in 267,977,736 Scheme Shares, representing approximately 18.47% of the total issued share capital of the Company, as at the date of this joint announcement. There are no outstanding warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

Consideration

The Cancellation Price will not be increased and the Joint Offerors do not reserve the right to do so.

If the Scheme is approved and the Proposal is implemented, the Scheme Shares will be cancelled and extinguished and, in consideration thereof, each Scheme Shareholder will be entitled to receive the Cancellation Price, being HK\$0.56 in cash for each Scheme Share cancelled and extinguished.

The total consideration payable to the Scheme Shareholders for the Scheme Shares cancelled and extinguished will be paid by the Joint Offerors.

The maximum amount of consideration required for the Scheme is approximately HK\$150,067,532.

Basis of determination of the Cancellation Price

The Cancellation Price of HK\$0.56 per Scheme Share values the entire issued share capital of the Company as at the date of this joint announcement at approximately HK\$812,666,624. The Cancellation Price represents a discount of approximately 76.7% to the Group's net asset value per Share of approximately HK\$2.40 pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2020.

Due to the lack of public trading market of the Shares, the Cancellation Price was determined on arm's length basis after taking into account, among other things, the latest available financial information of the Company including the valuation report on the Group's investment properties as at 31 December 2020 prepared for the purpose of the financial statements, market multiples of comparable companies listed on the Stock Exchange and the prevailing market conditions and sentiments.

Confirmation of financial resources

The Joint Offerors intend to finance the consideration required for the Scheme through internal financial resources.

Lego has been appointed as the financial adviser to the Joint Offerors in connection with the Proposal.

Lego, as the financial adviser to the Joint Offerors, is satisfied that sufficient financial resources are, and will remain, available to the Joint Offerors for the full implementation of the Proposal in accordance with its terms.

SCHEME CONDITIONS

The Proposal will become effective and binding on the Joint Offerors, the Company and all Scheme Shareholders subject to the fulfillment or waiver (as applicable) of the following Scheme Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by Independent Shareholders present and voting, either in person or by proxy, at the Court Meeting by at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are cast, either in person or by proxy, at the Court Meeting, provided that the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by the Independent Shareholders, pursuant to Rule 2.10 of the Takeovers Code;

- (c) (i) the passing of a special resolution by a majority of not less than 75% of the votes cast by the Shareholders present and voting, in person or by proxy, at the SGM, to approve and give effect to the Scheme including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and (ii) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the SGM to immediately thereafter restore the issued share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, for issuance to the Joint Offerors;
- (d) the Bermuda Court's sanction of the Scheme (with or without modifications) and the delivery to the Registrar of Companies in Bermuda of a copy of the order of the Bermuda Court for registration;
- (e) compliance with the procedural requirements of the Companies Act in relation to the Scheme and the reduction of the issued share capital of the Company respectively;
- (f) all Authorisations (if any) in connection with the Proposal from or with (as the case may be) the Relevant Authorities in Bermuda, Hong Kong, Singapore and/or any other relevant jurisdictions having been obtained and, if applicable, any waiting periods having expired or terminated (in each case where any of such Authorisations is material in the context of the Company and in the context of the Proposal);
- (g) the giving of all necessary notices to the Bermuda Monetary Authority;
- (h) all Authorisations (if any) remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for (or is in addition to requirements expressly provided for) in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective (in each case where any of such Authorisations is material in the context of the Company and in the context of the Proposal);
- (i) all necessary consents which may be required for the implementation of the Proposal and the Scheme under any existing contractual obligations of the Group being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group taken as a whole;
- (j) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme void, unenforceable or illegal (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme); and

- (k) no litigation, arbitration proceedings, prosecution or other legal proceedings being instituted against the Company after the date of this joint announcement and no such proceedings being threatened in writing against it (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court in respect of any such member or the business carried on by any such member having been threatened in writing, announced or instituted), in each case which is material and adverse in the context of the Company and in the context of the Proposal.

The Joint Offerors reserve the right to waive Scheme Conditions (i) to (k) either in whole or in part, either generally or in respect of any particular matter. Scheme Conditions (a) to (h) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Joint Offerors may only invoke any or all of the Scheme Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to the right to invoke any such Scheme Condition are of material significance to the Joint Offerors in the context of the Proposal. The Company has no right to waive any of the Scheme Conditions. All of the above Scheme Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing of which the Scheme will lapse. When all the Scheme Conditions are satisfied or waived, as applicable, the Scheme will become effective and binding on the Joint Offerors, the Company and all the Scheme Shareholders. If approved, the Proposal will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the SGM.

In respect of Scheme Conditions (f), (h) and (i), the Joint Offerors are not aware of any Authorisations or consents which are required, save for the Bermuda Court's sanction of the Scheme already set out above as separate Scheme Condition (d) and the SIC's confirmation that the HFC Subsidiaries, Cheong Zee Yee Ling, Helen, Cheong Hooi Kheng and persons acting in concert with them will not be required to make a mandatory general offer for Hong Fok Corporation under Note 7 to Rule 14.1 of the Singapore Code on Take-overs and Mergers as a result of the Scheme, which has been obtained as at the date of this joint announcement.

The Joint Offerors are not a party to any agreements or arrangements which relate to circumstances in which it may or may not invoke or seek to invoke any of the Scheme Conditions.

As at the date of this joint announcement, none of the Scheme Conditions has been fulfilled or waived (as applicable).

Assuming that the Scheme Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective before 31 July 2022. An update of the expected timetable will be provided by a further announcement when the Scheme Document is despatched.

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

THE CONSORTIUM AGREEMENT

On 14 November 2021, the Joint Offerors entered into the Consortium Agreement, pursuant to which they agreed, among other things, the followings:

- 1) the appointment of Lego as the financial adviser to the Joint Offerors for the Scheme;
- 2) all decisions relating to the Proposal will be made jointly by the Joint Offerors;
- 3) the commitment of the respective funding obligation of each of the Joint Offerors is in accordance with the respective proportion of the percentage interests of the total number of the Scheme Shares to be acquired under the Proposal (as set out in the table below), and each of the Joint Offerors has deposited funds sufficient to cover his/her/its respective funding obligation to the designated bank account held in the name of HF (HK);
- 4) the Joint Offerors agreed to acquire and pay for Shares solely from the funds deposited in the designated bank account held in the name of HF (HK) in the same aggregate number of Scheme Shares which are cancelled pursuant to the Scheme pursuant to and in accordance with the terms of the Proposal in the following proportion:

| Joint Offerors | Number of Scheme Shares | Approximate % of the total number of Scheme Shares (Note) | The consideration payable for the respective Scheme Shares to be acquired HK\$ |
|----------------------------|------------------------------------|--|---|
| HF (Cayman) | 69,745,461 | 26.03 | 39,057,458.16 |
| HF (HK) | 5,959,866 | 2.23 | 3,337,524.96 |
| HF Enterprises | 3,652,976 | 1.36 | 2,045,666.56 |
| Cheong Zee Yee Ling, Helen | 19,438,343 | 7.25 | 10,885,472.08 |
| Cheong Hooi Kheng | 11,444,418 | 4.27 | 6,408,874.08 |
| Barragan | 76,033,844 | 28.37 | 42,578,952.64 |
| Dekker | 81,702,828 | 30.49 | 45,753,583.68 |
| Total | 267,977,736 | 100.00 | 150,067,532.16 |

Note: The proportionate interests of Scheme Shares to be acquired by the Joint Offerors were arrived at after arm's length negotiations among the Joint Offerors. Rounded to 2 decimal places.

- 5) each of the Joint Offerors shall not, and shall procure its concert parties not to, sell, transfer, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) all or any of the Shares or any interest therein during the term of the Consortium Agreement until the Scheme becomes effective or lapses, or an announcement is made for the withdrawal of the Scheme.

SHAREHOLDING STRUCTURE OF THE COMPANY

The Company has 1,451,190,401 Shares in issue as at the date of this joint announcement. As at the date of this joint announcement, Hong Fok Corporation indirectly holds 631,724,993 Shares, representing approximately 43.53% of the total issued share capital of the Company, through its three subsidiaries, namely HF (Cayman), HF (HK) and HF Enterprises. The Joint Offerors are interested in an aggregate of 1,183,212,665 Shares, representing approximately 81.53% of the total issued share capital of the Company.

The controlling shareholders and the largest group of shareholders of Hong Fok Corporation are Mr. Cheong PC, Mr. Cheong SE and their siblings, together with their spouses, children, grandchild and companies controlled by them (the “**Cheong Family**”), who in aggregate hold approximately 48.22% of the issued shares of Hong Fok Corporation as at the date of this joint announcement. The breakdown of the shareholding interests being held by each respective member of the Cheong Family is set out below:

Shareholding in Hong Fok Corporation

| | Number of shares held | Approximate % of the total issued share capital |
|---|----------------------------------|--|
| Cheong Kim Pong [a] | 74,837,299 | 8.86 |
| Cheong Pin Seng [b] | 125 | – |
| Cheong SE [c] | 116,047,500 | 13.74 |
| Cheong PC [d] | 118,876,047 | 14.07 |
| Goodyear Realty Co. Pte. Ltd. (“ Goodyear ”) [e] | 44,485,758 | 5.27 |
| Corporate Development Limited (“ Corp Dev ”) [f] | 8,113,776 | 0.96 |
| Cheong Hooi Kheng [g] | 14,832,180 | 1.76 |
| Cheong Loo Kheng [g] | 1,615,840 | 0.19 |
| Cheong Puay Kheng [g] | 14,243,400 | 1.69 |
| Cheong Lay Kheng [g] | 14,233,000 | 1.68 |
| Total Cheong Family | 407,284,925 | 48.22 |

Notes:

- [a] Brother of Cheong PC and Cheong SE. Includes the shareholding of Cheong Kim Pong's children and grandchild but excludes his interests through Goodyear.
- [b] Brother of Cheong PC and Cheong SE and includes the shareholding of his son.
- [c] Includes shareholding of Cheong SE's spouse but excludes his interests through Goodyear and Corp Dev.
- [d] Includes shareholding of Cheong PC's spouse, his son and company owned by him and his spouse but excludes his interests through Goodyear and Corp Dev.
- [e] Goodyear is beneficially owned as to 25% by Cheong Kim Pong, 37.5% by Cheong PC and 37.5% by Cheong SE.
- [f] Corp Dev is beneficially owned as to 50% by Cheong PC and 50% by Cheong SE.
- [g] Sister of Cheong PC and Cheong SE.

As at the date of this joint announcement, Hong Fok Land Holding Limited, an indirect wholly-owned subsidiary of the Company, has an interest of approximately 21.02% in Hong Fok Corporation.

The table below sets out the simplified shareholding structure of the Company as at the date of this joint announcement and on the basis that the Scheme becomes effective, immediately upon completion of the Scheme:

| Shareholders | As at the date of this joint announcement | | Upon completion of the Scheme (assuming there is no change in shareholding of the Company before completion of the Proposal) | |
|--|--|-----------------------------------|---|-----------------------------------|
| | <i>Number of Shares</i> | <i>Approximate % (Note 1)</i> | <i>Number of Shares</i> | <i>Approximate % (Note 1)</i> |
| Joint Offerors | | | | |
| HF (Cayman) | 555,202,784 | 38.26 | 624,948,245 | 43.06 |
| HF (HK) | 47,443,003 | 3.27 | 53,402,869 | 3.68 |
| HF Enterprises | 29,079,206 | 2.00 | 32,732,182 | 2.26 |
| Cheong Zee Yee Ling, Helen | 3,397,000 | 0.23 | 22,835,343 | 1.57 |
| Cheong Hooi Kheng | 2,000,000 | 0.14 | 13,444,418 | 0.93 |
| Barragan | 285,312,566 | 19.66 | 361,346,410 | 24.90 |
| Dekker | 260,778,106 | 17.97 | 342,480,934 | 23.60 |
| Sub-total | 1,183,212,665 | 81.53 | 1,451,190,401 | 100.00 |
| Total number of Scheme Shares held by the Independent Shareholders | 267,977,736 | 18.47 | – | – |
| Total | 1,451,190,401 | 100.00 | 1,451,190,401 | 100.00 |

Note:

1. Rounded to 2 decimal places.

REASONS FOR AND BENEFITS OF THE PROPOSAL

There is no open market for the trading of the Shares. The Proposal will provide an opportunity for Shareholders to realise their investments in the Shares at a fixed-price cash consideration. From the point of view of the management of the Company, the privatisation of the Company would allow the Joint Offerors to further consolidate its interests in the Company and streamline the decision-making process. Following the implementation of the Proposal, the Joint Offerors would be able to enjoy the flexibility to manage the Company's business with a more simplified corporate governance structure.

INTENTION OF THE JOINT OFFERORS WITH REGARD TO THE COMPANY

Following the implementation of the Proposal, the Joint Offerors intend that the Company should continue carrying on its business and does not intend to make any major changes to the current operations. The Joint Offerors have no plan to introduce any material changes to the business and/or assets of the Company, to redeploy its fixed assets or to discontinue the employment of employees of the Company as a result of the Proposal. The Joint Offerors will continue to monitor the Company's performance and adopt necessary and suitable business strategies to facilitate the development of the Company.

INFORMATION ON THE COMPANY AND GROUP

The Company is an unlisted public company incorporated in Bermuda with limited liability on 26 March 2007, with a total of 1,914 Shareholders as at 29 October 2021. Its securities are not listed or traded on any securities exchange. The Group is principally engaged in property investment and management, and securities trading. The revenue of the Group derives primarily from rental income and the Group's investment properties are located in Hong Kong and Singapore.

In 2007, as part of a reorganisation of China Asia Valley Group Limited (a Hong Kong listed company with its stock code: 63; formerly known as Winfoong International Limited) ("**Winfoong**"), shares of the Company were distributed to the then shareholders of Winfoong in specie (the "**2007 Distribution**"). Since completion of the 2007 Distribution, the Company has been a public company in Hong Kong subject to the Takeovers Code.

The table below sets out certain audited financial results of the Company for each of the two financial years ended 31 December 2019 and 2020 which were prepared in accordance with Hong Kong Financial Reporting Standards:

| | For the year ended 31 December | |
|--|---------------------------------------|-----------------|
| | 2020 | 2019 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Audited) | (Audited) |
| Revenue | 45,207 | 50,963 |
| Loss before taxation | (162,545) | (141,858) |
| Loss attributable to equity holders of the Company | (165,132) | (142,354) |

Based on the audited consolidated financial statements of the Company as at 31 December 2020 prepared in accordance with Hong Kong Financial Reporting Standards, the audited net asset value of the Company as at 31 December 2020 amounted to approximately HK\$3,481,738,000.

INFORMATION ON THE JOINT OFFERORS

Information of HF (Cayman)

HF (Cayman) was incorporated in the Cayman Islands with limited liability. The principal business of HF (Cayman) is investment holding. As at the date of this joint announcement, HF (Cayman) is wholly-owned by Hong Fok Corporation.

Information of HF (HK)

HF (HK) was incorporated in the Hong Kong with limited liability. The principal business of HF (HK) is investment holding. As at the date of this joint announcement, HF (HK) is wholly-owned by Hong Fok Corporation.

Information of HF Enterprises

HF Enterprises was incorporated in the Hong Kong with limited liability. The principal business of HF Enterprises is investment holding. As at the date of this joint announcement, HF Enterprises is wholly-owned by HF (HK).

Information of Hong Fok Corporation

Hong Fok Corporation is a public company listed on the Singapore Exchange Securities Trading Limited. The principal activity of Hong Fok Corporation is that of investment holding whose subsidiaries are primarily engaged in property investment, property development and construction, property management, investment trading and investment holding and management.

Information of Cheong Zee Yee Ling, Helen

Cheong Zee Yee Ling, Helen, aged 71, is the spouse of Mr. Cheong PC. Cheong Zee Yee Ling, Helen is currently the director of several private companies in Hong Kong, of which the principal activities are property investment. She is mainly responsible for overseeing the business's performance of these companies.

Information of Cheong Hooi Kheng

Cheong Hooi Kheng, aged 68, is the sibling of Mr. Cheong PC and Mr. Cheong SE. Cheong Hooi Kheng is an executive director and chief operating officer of Hong Fok Corporation and is principally involved in HFC Group's development of properties. She also oversees the project management in relation to the development and construction of properties, the leasing and marketing of HFC Group's real estate properties and major financial affairs of HFC Group in Singapore. Cheong Hooi Kheng is also director of property development of Hong Fok Land Investment Limited, a wholly-owned subsidiary of the Company, where she is responsible for overseeing property development operations of the Group. She has over 41 years of experience in the property development and construction business.

Information of Barragan

Barragan was incorporated in the British Virgin Islands with limited liability. The principal business of Barragan is investment holding. As at the date of this joint announcement, Barragan is ultimately owned by Mr. Kuo Pao Chih, Keith (a retired individual residing in Singapore).

Information of Dekker

Dekker was incorporated in the British Virgin Islands with limited liability and was registered as an international company being continued under the laws of Samoa. The principal business of Dekker is investment holding. As at the date of this joint announcement, Dekker is ultimately owned by Mr. Lee Keng Seng (a retired individual residing in Malaysia).

OVERSEAS SCHEME SHAREHOLDERS

The making and implementation of the Proposal to Scheme Shareholders who are not resident in Hong Kong may be subject to the laws and regulations of the relevant jurisdictions in which such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax and regulatory requirements. It is the responsibility of any overseas Scheme Shareholders wishing to accept the Proposal to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, and the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due from the Shareholders in such jurisdiction.

Any acceptance by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Joint Offerors and the Company and their respective advisers, including Lego, the financial adviser to the Joint Offerors, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the receipt of the Scheme Document by overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Joint Offeror or the Company regard as unduly onerous or burdensome (or otherwise not in the best interests of the Joint Offeror or the Company or their respective shareholders), the Scheme Document may not be despatched to such overseas Scheme Shareholders. For that purpose, the Company will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver may only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such Scheme Shareholders.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, comprising the independent non-executive Directors, being Mr. Ng Lin Fung and Mr. Chan Yee Hoi, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the terms of the Scheme are, or are not, fair and reasonable and as to voting.

Mr. Cheong PC and Mr. Cheong SE, being Directors, have abstained and will continue to abstain from voting at the relevant meetings of the Board in relation to the Proposal given each of them has a material interest in the Proposal. Cheong Zee Yee Ling, Helen, a joint offeror, is the spouse of Mr. Cheong PC; and Cheong Hooi Kheng, a joint offeror, is the sibling of both Mr. Cheong PC and Mr. Cheong SE. The Independent Board Committee has reserved its opinion pending advice of the Independent Financial Adviser.

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme. The appointment of Gram Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

DESPATCH OF SCHEME DOCUMENT

Under Rule 8.2 of the Takeovers Code, unless the Executive's consent is obtained, the Scheme Document, including further details of the Proposal, the Scheme, an explanatory statement, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from Gram Capital, notices of the Court Meeting and the SGM, the forms of proxy, as well as other particulars required by the Takeovers Code, should be despatched to the Shareholders within 21 days of the date of this joint announcement, which in this case would be on or before 6 December 2021, and in compliance with the requirements of the Companies Act, the Bermuda Court and other applicable regulations.

As additional time is required to finalise the financial information and valuation report to be included in the Scheme Document, the Joint Offerors will make an application to the Executive to seek its consent to extend the latest time for the despatch of the Scheme Document. A further announcement will be made in this regard.

FURTHER AGREEMENTS OR ARRANGEMENTS

There are no voting rights in respect of the Shares or rights over the Shares in respect of which the Joint Offerors have received an irrevocable commitment to vote in favour of or against the Scheme or accept or reject the Proposal, and save for the Consortium Agreement, there are no other arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Joint Offerors which might be material to the Proposal or the Scheme.

None of the Joint Offerors hold any convertible securities, options or warrants in respect of any Shares or any voting rights in respect of the Shares or rights over the Shares.

There are no outstanding derivatives in respect of the Shares or any other securities of the Company entered into by the Joint Offerors.

Save for the Consortium Agreement, the Joint Offerors confirm that there are no agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a Scheme Condition.

The Joint Offerors confirm that the Joint Offerors have not borrowed or lent any Shares or any other securities of the Company as at the date of this joint announcement.

Save for the Consortium Agreement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) the Joint Offerors and any of its concert parties, or (b) the Company, its subsidiaries or associated companies.

RULE 3.5 OF THE TAKEOVERS CODE

This joint announcement is being made pursuant to Rule 3.5 of the Takeovers Code due to the fact that the Company is a public company for the purposes of paragraph 4.1 of the Introduction to the Takeovers Code.

GENERAL

Associates of the Company or the Joint Offerors are reminded to disclose their dealings in any relevant securities of the Company.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal. It is emphasised that none of the Joint Offerors, the Company, Lego, Gram Capital or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set forth below unless the context requires otherwise.

| | |
|----------------------------|---|
| “associates” | has the meaning given in the Takeovers Code |
| “Authorisations” | all necessary notifications, registrations, applications, filings, authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions, no-action relief, exemption relief orders and approvals, and all appropriate waiting periods (including extensions thereof), in connection with the Proposal |
| “Barragan” | Barragan Trading Corp, a company incorporated in the British Virgin Islands with limited liability |
| “Bermuda Court” | the Supreme Court of Bermuda |
| “Board” | the board of Directors |
| “Cancellation Price” | the cancellation price of HK\$0.56 per Scheme Share payable in cash by the Joint Offerors to the Scheme Shareholders pursuant to the Scheme for every Scheme Share cancelled and extinguished |
| “Company” | Hong Fok Land International Limited (鴻福國際有限公司*), a company incorporated in Bermuda with limited liability |
| “Companies Act” | the Companies Act 1981 of Bermuda, as amended and supplemented |
| “Consortium Agreement” | the consortium agreement dated 14 November 2021 entered into by and among the Joint Offerors |
| “Corporate Joint Offerors” | HF (Cayman), HF (HK), HF Enterprises, Barragan and Dekker |
| “Court Meeting” | a meeting of the Scheme Shareholders to be convened at the direction of the Bermuda Court, at which the Scheme will be voted upon |
| “Dekker” | Dekker Assets Limited, a company incorporated in the British Virgin Islands with limited liability and duly registered as an International Company being continued under the laws of Samoa |

| | |
|---|--|
| “Director(s)” | the director(s) of the Company |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director |
| “Group” | the Company and its subsidiaries |
| “Gram Capital” or “Independent Financial Adviser” | Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser in respect of the Proposal and the Scheme appointed by the Company with the approval of the Independent Board Committee |
| “HFC Group” | Hong Fok Corporation and its subsidiaries |
| “HFC Subsidiaries” | HF (Cayman), HF (HK) and HF Enterprises |
| “HF (Cayman)” | Hong Fok Corporation (Cayman) Limited, a company incorporated in the Cayman Islands with limited liability |
| “HF Enterprises” | Hong Fok Enterprises Limited, a company incorporated in Hong Kong with limited liability |
| “HF (HK)” | Hong Fok Corporation (H.K.) Limited, a company incorporated in Hong Kong with limited liability |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Fok Corporation” | Hong Fok Corporation Limited, a company incorporated in the Republic of Singapore and the shares of which are listed on the Singapore Exchange Securities Trading Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | the independent board committee of the Company, comprising the independent non-executive Directors, being Mr. Ng Lin Fung and Mr. Chan Yee Hoi, established to make recommendation to the Independent Shareholders, in respect of, among others, the Proposal and the Scheme, respectively |
| “Independent Shareholders” | Shareholders other than the Joint Offerors |
| “Individual Joint Offerors” | Cheong Zee Yee Ling, Helen and Cheong Hooi Kheng |

| | |
|------------------------|---|
| “Joint Offerors” | HF (Cayman), HF (HK), HF Enterprises, Cheong Zee Yee Ling, Helen, Cheong Hooi Kheng, Barragan and Dekker |
| “Lego” | Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed as the financial adviser to the Joint Offerors in connection with the Proposal |
| “Long Stop Date” | 31 July 2022, or such later date as may be agreed between the Joint Offerors and the Company, subject to approval by Lego, or to the extent applicable, as the Executive may consent and as the Bermuda Court on application of the Joint Offerors or the Company may allow |
| “Mr. Cheong PC” | Mr. Cheong Pin Chuan, the joint chairman and joint managing director of the Company and a director of the HFC Subsidiaries and an executive director and joint chief executive officer of Hong Fok Corporation and a brother of Mr. Cheong SE and Cheong Hooi Kheng |
| “Mr. Cheong SE” | Mr. Cheong Sim Eng, the joint chairman and joint managing director of the Company and a director of the HFC Subsidiaries and an executive director and joint chief executive officer of Hong Fok Corporation and a brother of Mr. Cheong PC and Cheong Hooi Kheng |
| “PRC” | the People’s Republic of China, but for the purpose of this joint announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan |
| “Proposal” | the proposal for the privatisation of the Company by the Joint Offerors by way of the Scheme as described in this joint announcement |
| “Relevant Authorities” | appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions (including the SFC) |
| “Scheme” | a scheme of arrangement under section 99 of the Companies Act between the Company and the Scheme Shareholders (subject to the Scheme Conditions) involving the cancellation and extinguishment of all the Scheme Shares |

| | |
|-------------------------|--|
| “Scheme Condition(s)” | the condition(s) of the Proposal, as set out in the section headed “Scheme Conditions” in this joint announcement |
| “Scheme Document” | the scheme document to be issued by the Company to the Shareholders in relation to the Scheme |
| “Scheme Record Date” | the date on which the Court Meeting is proposed to be held for the Scheme Shareholders to consider and, if thought fit, approve the Scheme or such other date as shall have been announced to the Scheme Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to the Cancellation Price upon the Scheme becoming effective |
| “Scheme Record Time” | 4:30 p.m. (Hong Kong time) on the Scheme Record Date |
| “Scheme Share(s)” | Share(s) other than those directly or indirectly held by the Joint Offerors as at the Scheme Record Time on the Scheme Record Date |
| “Scheme Shareholder(s)” | holder(s) of the Scheme Shares whose names appear on the register of members of the Company as at the Scheme Record Time on the Scheme Record Date |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) |
| “SGM” | a special general meeting to be convened and held by the Company for the Shareholders to consider and, if thought fit, approve, among others, (i) a special resolution in relation to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares and (ii) an ordinary resolution in relation to the restoration of the number of issued Shares in the share capital of the Company to its former amount by the issue of the same number of Shares as the number of the Scheme Shares cancelled and extinguished, credited as fully paid, to the Joint Offerors |
| “Shareholder(s)” | holder(s) of the Shares |
| “Share(s)” | ordinary share(s) of HK\$0.05 par value each in the share capital of the Company |

| | |
|------------------|--|
| “SIC” | the Securities Industry Council of Singapore |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Code on Takeovers and Mergers of Hong Kong |
| “%” | per cent |

| | | | |
|--|---|--|--|
| By order of the board of Hong Fok Corporation (Cayman) Limited Cheong Pin Chuan <i>Director</i> | By order of the board of Hong Fok Enterprises Limited Cheong Pin Chuan <i>Director</i> | By order of the board of Hong Fok Corporation (H.K.) Limited Cheong Pin Chuan <i>Director</i> | By order of the board of Hong Fok Land International Limited Cheong Pin Chuan <i>Director</i> |
| By order of the sole director of Barragan Trading Corp Kuo Pao Chih, Keith <i>Sole Director</i> | By order of the sole director of Dekker Assets Limited Lee Keng Seng <i>Sole Director</i> | Cheong Zee Yee Ling, Helen Cheong Hooi Kheng | |

Hong Kong, 15 November 2021

As at the date of this joint announcement, the Directors are Mr. Cheong PC and Mr. Cheong SE and the independent non-executive Directors are Mr. Ng Lin Fung and Mr. Chan Yee Hoi.

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

As at the date of this joint announcement, the directors of HF (Cayman) are Mr. Cheong PC and Mr. Cheong SE. The directors of HF (Cayman) jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Company and the other Joint Offerors) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Directors, the directors of the other Corporate Joint Offerors and the Individual Joint Offerors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the directors of HF Enterprises are Mr. Cheong PC and Mr. Cheong SE. The directors of HF Enterprises jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Company and the other Joint Offerors) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Directors, the directors of the other Corporate Joint Offerors and the Individual Joint Offerors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the directors of HF (HK) are Mr. Cheong PC and Mr. Cheong SE. The directors of HF (HK) jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Company and the other Joint Offerors) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Directors, the directors of the other Corporate Joint Offerors and the Individual Joint Offerors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the sole director of Barragan is Mr. Kuo Pao Chih, Keith. The sole director of Barragan accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Company and the other Joint Offerors) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Directors, the directors of the other Corporate Joint Offerors and the Individual Joint Offerors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the sole director of Dekker is Mr. Lee Keng Seng. The sole director of Dekker accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Company and the other Joint Offerors) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Directors, the directors of the other Corporate Joint Offerors and the Individual Joint Offerors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, Cheong Zee Yee Ling, Helen accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Company and the other Joint Offerors) and confirm, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Directors, the directors of the Corporate Joint Offerors and Cheong Hooi Kheng) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, Cheong Hooi Kheng accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Company and the other Joint Offerors) and confirm, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Directors, the directors of the Corporate Joint Offerors and Cheong Zee Yee Ling, Helen) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the directors of Hong Fok Corporation are Mr. Chan Pengee, Adrian, Mr. Cheong PC, Mr. Cheong SE, Ms. Cheong Hooi Kheng, Mr. Chow Yew Hon, Mr. Lim Jun Xiong Steven and Mr. Cheong Tze Hong, Marc (Alternate director). The directors of Hong Fok Corporation jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Company, Barragan and Dekker and the Individual Joint Offerors) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Directors, the directors of Barragan and Dekker and the Individual Joint Offerors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

** For identification purpose only*