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WING TAI PROPERTIES LIMITED

永泰地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 369)

MAJOR TRANSACTION

DISPOSAL OF PROPERTY AND RESUMPTION OF TRADING

The Directors announce that on 1 December 2017 (after trading hours), Baudinet and Zofka, the Company's subsidiaries, entered into the Provisional Agreement with the Purchaser, an Independent Third Party, in relation to the disposal of the Property at a consideration of HK\$2,162,560,000.

As one of the applicable percentage ratios exceeds 25% and all applicable ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. As no Shareholder has any material interest in the Disposal, no Shareholder will be required to abstain from voting if the Company were to convene a general meeting to approve the Disposal, the Company is in the process of obtaining written approval from the Major Shareholders in lieu of holding a general meeting of the Company to approve the Disposal pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other matters, further details of the Disposal will be despatched to the Shareholders on or before 28 December 2017.

At the request of the Company, trading in its shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 4 December 2017 pending the release of this announcement. Application has been made by the Company for the resumption of trading in its shares with effect from 9:00 a.m. on 6 December 2017.

As the Disposal is conditional on the fulfillment of either one of the Condition Precedents, it may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

The Disposal

The Directors announce that on 1 December 2017 (after trading hours), Baudinet and Zofka, the Company's subsidiaries, entered into the Provisional Agreement with the Purchaser, an Independent Third Party, in relation to the disposal of the Property at a consideration of HK\$2,162,560,000. Pursuant to the Provisional Agreement, the completion of the Disposal is subject to fulfillment of either one of condition precedents as set out in the section headed "Condition Precedent" below. The consideration was determined after arm's length negotiation with reference to the valuation of the Property as at 30 June 2017 and was based on normal commercial terms.

The Provisional Agreement

The principal terms of the Provisional Agreement are summarized below:-

Date:	1 December 2017
Vendor:	Baudinet and Zofka, the Company's subsidiaries
Purchaser:	Sunny Global Development Limited. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.
Property:	ALL THAT piece or parcel of land registered in the Land Registry as THE REMAINING PORTION OF TSUEN WAN INLAND LOT NO.28 Together with the messuages erections and buildings erected thereon now known as "WINNER GODOWN BUILDING"
Consideration:	HK\$2,162,560,000.00 (net of sales commission)
Terms of Payment:	a) HK\$64,890,000.00 as initial deposit and part payment of the Consideration paid by the Purchaser to the Vendor upon signing of the Provisional Agreement. b) HK\$216,242,800.00 as further deposit and part payment of the Consideration shall be payable by the Purchaser to the Vendor before 3:00 p.m. on or before the 14 December 2017. c) HK\$1,881,427,200.00 being the balance of the Consideration shall be payable before 3:00 p.m. on the Completion Date.
Completion Date:	On or before 28 March 2018

Condition Precedents

The Disposal is subject to (i) the obtaining on or before 20 December 2017 of approval for the Disposal of the Company's shareholders or (ii) the obtaining on or before 20 December 2017 an undertaking from majority shareholders of the Company to vote for the Disposal in a general meeting of the Company to be held to consider the Disposal and the obtaining on or before the date of completion of the Disposal the approval from the Company's shareholders for the Disposal.

If the condition precedents are not fulfilled, either party shall be entitled to cancel the Provisional Agreement by giving notice in writing to the other party or its solicitors in which event the Vendor shall return to the Purchaser all the deposits and part payment of the Consideration paid by the Purchaser within 7 days from the date of such notice without cost, interest or compensation whereupon neither party shall have any claim against the other party arising from or in connection with such cancellation and the parties shall at their own costs and expenses enter into and, if applicable, register at the Land Registry a cancellation agreement of the Provisional Agreement.

Information of the Property

The Property was developed and completed in 1988 at a cost of approximately HK\$208.3 million. The total gross floor area of the Property is 497,100 sq.ft approximately for letting to outside parties as godown. The total rental income and net profits attributable to the Property for the years ended 31 December 2015 and 2016 were as follows:

	For the year ended	
	31 December	
	2016	2015
	HK\$'	HK\$'
	million	million
Rental income	<u>55.4</u>	<u>55.8</u>
Net profits (excluding valuation gain)		
- before taxation	<u>45.5</u>	<u>45.9</u>
- after taxation	<u>38.0</u>	<u>38.4</u>

Reasons for the Disposal

The Directors are of the view that the Disposal will unlock the value of the Property and further enhance the shareholder value. The Directors (including the independent non-executive directors) are of the view that the terms of the Disposal are on normal commercial terms and are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Financial Effects of the Disposal

The valuation of the Property was HK\$1,495 million as at 30 June 2017, which was made by an independent valuer. The unaudited expected gain after taxation from the Disposal is approximately HK\$659 million which will be recorded in the accounting year ending 31 December 2017. The expected gain on disposal is calculated from the consideration by deducting the valuation of the Property as at 30 June 2017 and transaction costs on the Disposal.

Use of Proceeds

The net proceeds of approximately HK\$2,140 million from the Disposal will be used for the furtherance of the business of the Group including the financing of the Group's business expansion and general working capital.

Listing Rules Implication

As one of the applicable ratios of the Disposal under Rule 14.07 of the Listing Rules exceeds 25% and all applicable ratios are less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, (1) no existing Shareholder has any interest in the Disposal; and (2) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. The Company is in the process of obtaining written approval from the Major Shareholders (who are a closely allied group of shareholders who together beneficially own more than 50% in nominal value of the shares in the capital of the Company giving them the right to attend and vote at the Company's general meetings) in accordance with Rule 14.44 of the Listing Rules in lieu of a general meeting to approve the Disposal.

The Major Shareholders beneficially own the following shares in the Company as at the date of this announcement are as follows:

Name of Major Shareholder	Number of shares directly held	Percentage of shareholding
Brave Dragon Limited	141,794,482	10.53%
Wing Tai Retail Pte. Ltd. ("Wing Tai Retail")	50,282,667	3.74%
Crossbrook Group Limited ("Crossbrook")	270,411,036	20.09%
Bestime Resources Limited	93,629,998	6.96%
Pofung Investments Limited	88,930,828	6.61%
Broxbourne Assets Limited	17,323,957	1.29%
Mr. Cheng Wai Chee, Christopher ("Mr. Christopher Cheng")	11,722,316	0.87%
Mr. Cheng Wai Sun, Edward ("Mr. Edward Cheng")	9,654,981	0.72%
Total	683,750,265	50.79%

Messrs. Christopher Cheng, Edward Cheng and Cheng Man Piu, Francis are beneficiaries of a family trust (the "Family Trust") the assets of which include indirect interests in shares in Wing Tai Holdings Limited, which is the parent company of Brave Dragon Limited, Crossbrook and Wing Tai Retail. Messrs. Christopher Cheng, Edward Cheng, Cheng Man Piu, Francis and other beneficiaries of the Family Trust collectively own the entire issued share capital of Wing Tai (Cheng) Holdings Ltd. and Pacific Investment Exponents Inc. which, in turn, own a controlling interest in Bestime Resources Limited, Pofung Investments Limited and Broxbourne Assets Limited.

A circular containing, among other matters, further details of the Disposal will be despatched to the Shareholders on or before 28 December 2017.

Information about the Company

The Company is an investment holding company. The principal subsidiaries of the Company are engaged in property development, property investment and management and hospitality investment and management.

Information about the Vendor

Baudinet and Zofka are indirect subsidiaries of the Company and are holding the Property as investment property for rental income.

Information about the Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties. The principal activity of the Purchaser is redevelopment of property.

Resumption of Trading

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 4 December 2017 pending the release of this announcement. Application has been made by the Company for the resumption of trading in its shares with effect from 9:00 a.m. on 6 December 2017.

As the Disposal is conditional on the fulfillment of either one of the Condition Precedents, it may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

Definitions

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Baudinet”	Baudinet Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect subsidiary of the Company;
“Company”	Wing Tai Properties Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange;
“Disposal”	the disposal of the Property pursuant to the Provisional Agreement;
“Directors”	the directors of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Parties”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the Listing Rules;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Major Shareholders”	Brave Dragon Limited, Wing Tai Retail, Crossbrook, Bestime Resources Limited, Pofung Investments Limited, Broxbourne Assets Limited, Mr. Christopher Cheng and Mr. Edward Cheng;
“Property”	ALL THAT piece or parcel of land registered in the Land Registry as THE REMAINING PORTION OF TSUEN WAN INLAND LOT NO.28 Together with the messuages erections and buildings erected thereon now known as “WINNER GODOWN BUILDING”;
“Provisional Agreement”	The provisional sale and purchase agreement in relation to the Disposal dated 1 December 2017 entered into between the Vendor and the Purchaser;
“Purchaser”	Sunny Global Development Limited, an Independent Third Party.
“Percentage Ratios”	has the meaning ascribed to it under Chapter 14 of the Listing Rules;

“Shareholders”	The shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Baudinet and Zofka, being the vendor under the Provisional Agreement
“Zofka”	Zofka Properties Limited, a company incorporated in Hong Kong with limited liability and an indirect subsidiary of the Company.

By Order of the Board of
WING TAI PROPERTIES LIMITED
Chung Siu Wah, Henry
Company Secretary & Group Legal Counsel

Hong Kong, 5 December 2017

As at the date of this Announcement, the directors of the Company are:

Executive Directors:	Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis, Chow Wai Wai, John and Ng Kar Wai, Kenneth
Non-executive Directors:	Kwok Ping Luen, Raymond (Kwok Ho Lai, Edward as his alternate), Hong Pak Cheung, William, Ng Tak Wai, Frederick and Chen Chou Mei Mei, Vivien
Independent Non-executive Directors:	Simon Murray, Fang Hung, Kenneth, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma and Cheng Hoi Chuen, Vincent