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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 100% INTEREST IN ALLIED EFFORT LIMITED AND RESUMPTION OF TRADING

The Directors are pleased to announce that on 31 January 2018, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser and the Purchaser's Guarantor in relation to the Disposal, pursuant to which the Vendor agreed to (i) sell to the Purchaser the entire issued share capital of Allied Effort and (ii) assign to the Purchaser the Intra-Group Debt and the Purchaser agreed to acquire the same at a consideration of HK\$2,848,800,000 subject to the Adjustment.

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 permitted to, and will endeavor to, obtain 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 26 February 2018.

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 31 January 2018 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 2 February 2018.

As the Disposal is conditional on the fulfillment of the condition precedent, 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 are pleased to announce that on 31 January 2018, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser and the Purchaser's Guarantor in relation to the Disposal, pursuant to which the Vendor agreed to (i) sell to the Purchaser the entire issued share capital of Allied Effort and (ii) assign to the Purchaser the Intra-Group Debt and the Purchaser agreed to acquire the same at a consideration of HK\$2,848,800,000 subject to the Adjustment. Pursuant to the Agreement, the completion of the Disposal is subject to fulfillment of the condition precedent as set out in the section headed "Condition Precedent and Closing" below.

The Agreement

Date

31 January 2018

Parties

Vendor: WTP Investment (Hong Kong) Limited
Purchaser: Top Sincerity Limited
Purchaser's Guarantor: Winland Group Limited
Assets: Allied Effort Group and the Property

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Group and are not connected persons (as defined under the Listing Rules) of the Company.

The Vendor, the Purchaser and the Purchaser's Guarantor will enter into a share purchase agreement in respect of the Disposal consistent with, but not limited to, the terms and conditions set out in the Agreement. If such share purchase agreement is not signed, the terms of the Agreement shall continue to remain valid and legally binding on the parties thereto.

Assets to be disposed of

Pursuant to the Agreement, the Vendor agreed to (i) sell to the Purchaser the entire issued share capital of Allied Effort and (ii) assign to the Purchaser the Intra-Group Debt.

Allied Effort holds the entire issued shares of Winnion and Winnion owns the entire interest in the Property. The Property shall be sold on an "as-is" basis, subject to and with the benefit of the existing tenancy agreements and/or licence agreements in respect of the Property.

Upon Closing, the Company will cease to have any interest in Allied Effort Group.

Consideration

The consideration of HK\$2,848,800,000 for the Disposal shall be paid in the following manner:

- (i) HK\$30,000,000 as an initial deposit paid by the Purchaser to the Vendor upon the execution of the Agreement;
- (ii) HK\$254,880,000 as a further deposit shall be paid by the Purchaser to the Vendor on or before 13 February 2018;
- (iii) closing payment shall be the balance of the consideration as adjusted at Closing payable by the Purchaser to the Vendor.

The consideration was determined after arm's length negotiations having taken into account the offer price of comparable properties in nearby locations and was based on normal commercial terms after considering the property market conditions in Hong Kong at the time of entering into the Agreement.

Condition Precedent and Closing

The Disposal is subject to the obtaining of approval by the Shareholders in accordance with the requirements of Chapter 14 of the Listing Rules before the date falling 60 Business Days from the date of the Agreement.

Closing will take place on the date falling 10 Business Days after the date on which the condition precedent as aforesaid is satisfied or on the first Business Day after the date falling 4 months from the date of the Agreement, whichever is the later.

Guarantee

The Purchaser's Guarantor has agreed to guarantee to the Vendor the due and punctual performance by the Purchaser of all its obligations, undertakings and warranties under the Agreement.

Information of Allied Effort Group and the Property

Allied Effort is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor and the Company.

Allied Effort is an investment holding company. It holds the entire issued shares of Winnion. Winnion owns the entire interest in the Property.

Certain unaudited financial information of the Allied Effort Group prepared on the basis of the generally accepted accounting principles in Hong Kong is set out below:

	For the financial year ended	
	31 December 2017	31 December 2016
	HK\$ million	HK\$ million
Consolidated net asset	1,187	1,163
Consolidated profit before tax	29	27
Consolidated profit after tax	24	23

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 the Shareholders as a whole.

Financial Effects of the Disposal

The Group expects to recognise a gain on the Disposal in the amount of approximately HK\$1,060 million, which is calculated based on (i) the consideration; (ii) the unaudited consolidated net asset of the Allied Effort Group as at 31 December 2017; (iii) the Intra-Group Debt as at 31 December 2017; and (iv) the transaction costs on the Disposal. The actual gain on the Disposal is subject to audit and may be different from the expected amount as stated above.

Use of Proceeds

The net proceeds of approximately HK\$2,818 million from the Disposal subject to the Adjustment 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 permitted to, and will endeavor to, obtain 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 the Major Shareholder	Number of shares directly held	Percentage of shareholding
Brave Dragon Limited	141,794,482	10.51%
Wing Tai Retail Pte. Ltd. ("Wing Tai Retail")	50,282,667	3.73%
Crossbrook Group Limited ("Crossbrook")	270,411,036	20.04%
Bestime Resources Limited	93,629,998	6.94%
Pofung Investments Limited	88,930,828	6.59%
Broxbourne Assets Limited	17,323,957	1.28%
Mr. Cheng Wai Chee, Christopher ("Mr. Christopher Cheng")	12,602,816	0.93%
Mr. Cheng Wai Sun, Edward ("Mr. Edward Cheng")	10,535,481	0.78%
Total	685,511,265	50.81%

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 26 February 2018.

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 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 activities of the Purchaser and its ultimate beneficial owners are property investments.

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 31 January 2018 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 2 February 2018.

As the Disposal is conditional on the fulfillment of the condition precedent, 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:

“Adjustment”	the consideration of HK\$2,848,800,000 subject to certain adjustments to be made with reference to the book value of the consolidated assets (other than the Property) and the book value of consolidated liabilities (other than the Intra-Group Debt) of Allied Effort as at Closing;
“Agreement”	the letter agreement dated 31 January 2018 in respect of the sale and purchase of shares in and loans to Allied Effort entered into between the Vendor, the Purchaser and the Purchaser's Guarantor;
“Allied Effort”	Allied Effort Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor;
“Allied Effort Group”	Allied Effort and Winnion collectively;
“Business Day”	a day, other than a Saturday, Sunday, public holiday and a day on which a typhoon signal no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 am and 5:00 pm, on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours;
“Closing”	the completion of the Disposal pursuant to the Agreement;
“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;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the entire issued share capital of Allied Effort and the assignment of the Intra-Group Debt to the Purchaser pursuant to the Agreement;
“Group”	the Company and its subsidiaries;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Parties”	any person or company and their respective ultimate beneficial owners are (to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries) third parties independent of the Company and its connected persons within the meaning of the Listing Rules;
“Intra-Group Debt”	any and all outstanding indebtedness owing by Allied Effort Group to the Vendor and the Group immediately before Closing;
“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;
“Percentage Ratios”	has the meaning ascribed to it under Chapter 14 of the Listing Rules;
“Property”	the property known as “W Square” situated at 314-324 Hennessy Road, Wanchai, Hong Kong (The Remaining Portion and Section D of Marine Lot No. 122) with a gross floor area of approximately 128,600 square feet of office and retail space;
“Purchaser”	Top Sincerity Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party;
“Purchaser’s Guarantor”	Winland Group Limited, a company incorporated in Hong Kong with limited liability;
“Shareholders”	the shareholder(s) of the Company;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Vendor”	WTP Investment (Hong Kong) Limited, being the vendor under the Agreement and a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
“Winnion”	Winnion Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Allied Effort.

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

Hong Kong, 1 February 2018

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