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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)

CONTINUING CONNECTED TRANSACTIONS: OPERATING AND LICENCE AGREEMENTS

The Directors announce that the Operating and Licence Agreements were entered into on 7 January 2019 between certain wholly-owned subsidiaries of the Company and certain Connected Persons of the Company.

On the basis of the estimated Total Income on an annual basis, the Revenue Ratio in respect of the Operating and Licence Agreements exceeds 0.1% but is less than 5% and all other applicable Percentage Ratios in respect of the Operating and Licence Agreements are less than 0.1%. Therefore, the entering into the Operating and Licence Agreements and the Total Income are subject to the announcement requirement, reporting and annual review requirements under Chapter 14A of the Listing Rules but are exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

Operating and Licence Agreements

On 7 January 2019, the following agreements were entered into by certain wholly-owned subsidiaries of the Company with certain Connected Persons of the Company:-

(A) The Singapore Operating Agreement

- (i) this agreement was entered into between Lanson Place Singapore and Winshine Investment Pte Ltd;
- (ii) pursuant to this agreement, Lanson Place Singapore is entitled to a basic management fee in an amount equal to a percentage of the total revenue of the Singapore Property (subject to adjustment) being payable within 20 days from receipt by Winshine Investment Pte Ltd of each monthly financial report for the Singapore Property and an incentive management fee for each operating year in an amount equal to a percentage of gross operating profit (subject to adjustment) of the Singapore Property payable within 20 days from receipt by Winshine Investment Pte Ltd of the audited annual financial report for the Singapore Property;
- (iii) the amounts of the aforementioned fees were agreed between Lanson Place Singapore and Winshine Investment Pte Ltd following arm's length negotiations between them by reference to the relevant fees charged by the Group for

comparable projects; and

- (iv) Winshine Investment Pte Ltd has also agreed under this agreement to reimburse Lanson Place Singapore for certain out-of-pocket expenses incurred by Lanson Place Singapore in the ordinary course of business of the Singapore Property.

(B) The Singapore Licence Agreement

- (i) this agreement was entered into between Lanson Place Bermuda and Winshine Investment Pte Ltd;
- (ii) pursuant to this agreement, Lanson Place Bermuda is entitled to a fixed licence fee for each operating year payable within 20 days from the commencement of each operating year; and
- (iii) the amount of the aforementioned fixed licence fee was arrived at by mutual agreement between Lanson Place Bermuda and Winshine Investment Pte Ltd following arm's length negotiations by reference to the relevant fees charged by the Group for comparable projects.

(C) The Malaysia Operating Agreement (No. 1)

- (i) this agreement was entered into between Lanson Place Malaysia and Seniharta Sdn. Bhd.;
- (ii) pursuant to this agreement, Lanson Place Malaysia is entitled to a basic management fee in an amount equal to a percentage of the total revenue of the Malaysia Property (No. 1) (subject to adjustment) being payable within 20 days from receipt by Seniharta Sdn. Bhd. of each monthly financial report for the Malaysia Property (No. 1) and an incentive management fee for each operating year in an amount equal to a percentage of gross operating profit (subject to adjustment) of the Malaysia Property (No. 1) payable within 20 days from receipt by Seniharta Sdn. Bhd. of the audited annual financial report for the Malaysia Property (No. 1);
- (iii) the amounts of the aforementioned fees were agreed between Lanson Place Malaysia and Seniharta Sdn. Bhd. following arm's length negotiations between by reference to the relevant fees charged by the Group for comparable projects; and
- (iv) Seniharta Sdn. Bhd. has also agreed under this agreement to reimburse Lanson Place Malaysia for certain out-of-pocket expenses incurred by Lanson Place Malaysia in the ordinary course of business of the Malaysia Property (No. 1).

(D) The Malaysia Licence Agreement (No. 1)

- (i) this agreement was entered into between Lanson Place Bermuda and Seniharta Sdn. Bhd.;
- (ii) pursuant to this agreement, Lanson Place Bermuda is entitled to a fixed licence

fee for each operating year payable within 20 days from the commencement of each operating year; and

- (iii) the amount of the aforementioned fixed licence fee was arrived at by mutual agreement between Lanson Place Bermuda and Seniharta Sdn. Bhd. following arm's length negotiations by reference to the relevant fees charged by the Group for comparable projects.

(E) The Malaysia Operating Agreement (No. 2)

- (i) this agreement was entered into between Lanson Place Malaysia and DNP Jaya Sdn. Bhd.;
- (ii) pursuant to this agreement, Lanson Place Malaysia is entitled to a basic consultation fee in an amount equal to a percentage of the net revenue of the Malaysia Property (No. 2) (subject to adjustment) being payable within 20 days from receipt by DNP Jaya Sdn. Bhd. of each monthly financial report for the Malaysia Property (No. 2); and
- (iii) the amount of the aforementioned fee were agreed between Lanson Place Malaysia and DNP Jaya Sdn. Bhd. following arm's length negotiations between by reference to the relevant fees charged by the Group for comparable projects.

(F) The Malaysia Licence Agreement (No. 2)

- (i) this agreement was entered into between Lanson Place Bermuda and DNP Jaya Sdn. Bhd.;
- (ii) pursuant to this agreement, Lanson Place Bermuda is entitled to a fixed licence fee for each operating year payable within 20 days from the commencement of each operating year; and
- (iii) the amount of the aforementioned fixed licence fee was arrived at by mutual agreement between Lanson Place Bermuda and DNP Jaya Sdn. Bhd. following arm's length negotiations by reference to the relevant fees charged by the Group for comparable projects.

Estimated Total Income

The Board estimates that the Total Income during the four years ending 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022 amounts to HK\$4.6 million, HK\$5.2 million, HK\$5.9 million and HK\$0.2 million respectively.

The Total Income was estimated on the basis of:

- (a) the current room rate and occupancy rate of the relevant properties;
- (b) the revenue of comparable properties in Malaysia, or as the case may be, Singapore as disclosed in publicly available market research materials; and
- (c) forecast rates of exchange of Malaysian Ringgit into Hong Kong dollars and Singaporean

dollars into Hong Kong dollars.

Reasons for entering into the Operating and Licence Agreements

The Board considers it is beneficial for the Group to enter into the Operating and Licence Agreements to ensure continuity of operation and management and, as the case may be, consulting services, which will sustain the Group's hospitality business in major Asian cities.

The Directors (including the independent non-executive directors) are of the view that the Operating and Licence Agreements are entered into in the ordinary and usual course of business of the Group and are on normal commercial terms and their terms are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

Listing Rules Implications of the Operating and Licence Agreements

Each of Lanson Place Singapore, Lanson Place Malaysia and Lanson Place Bermuda is an indirectly wholly-owned subsidiary of the Company.

Wing Tai Holdings is a Substantial Shareholder of the Company. Wing Tai Holdings is also an Associate of certain Directors (namely Messrs. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis) because it is a 30%-controlled company held indirectly by the trustee of a trust of which these Directors are beneficiaries. Each of Winshine Investment Pte Ltd., Seniharta Sdn Bhd. and DNP Jaya Sdn. Bhd., being a subsidiary of Wing Tai Holdings, is a Connected Person of the Company.

Therefore, the entering into the Operating and Licence Agreements constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules and each of Messrs. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis has a material interests in the Operating and Licence Agreements. They have abstained from voting on the board resolutions approving the transactions concerned.

On the basis of the estimated Total Income on an annual basis, the Revenue Ratio in respect of the Operating and Licence Agreement exceeds 0.1% but is less than 5% and all other applicable Percentage Ratios in respect of the Operating and Licence Agreements are less than 0.1%. Therefore, the entering into the Operating and Licence Agreements and the Total Income are subject to the announcement requirement, reporting and annual review requirements under Chapter 14A of the Listing Rules but are exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

Information about the Company and the parties to the Operating and Licence Agreements

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

Lanson Place Singapore, Lanson Place Malaysia and Lanson Place Bermuda are wholly-owned subsidiaries of the Company incorporated in Singapore, the British Virgin Islands and Bermuda respectively.

The principal activities of (i) Lanson Place Singapore is provision of hospitality management

services; (ii) Lanson Place Malaysia is investment holding and provision of hospitality management services; and (iii) Lanson Place Bermuda is licensing.

Winshine Investment Pte Ltd is a company incorporated in Singapore which is engaged in property investment.

Seniharta Sdn. Bhd. and DNP Jaya Sdn. Bhd. are companies incorporated in Malaysia and both of them are engaged in property investment.

DEFINITIONS

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

“Associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	means the board of directors of the Company;
“Company”	means Wing Tai Properties Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange;
“Connected Person”	has the meaning ascribed to it under the Listing Rules;
“Group”	means the Company and its subsidiaries;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Lanson Place Singapore”	means Lanson Place Hospitality Management (Singapore) Pte Limited, a wholly-owned subsidiary of the Company incorporated in Singapore;
“Lanson Place Malaysia”	means Lanson Place Hospitality Management (Malaysia) Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands;
“Lanson Place Bermuda”	means Lanson Place Hotels & Residences (Bermuda) Limited, a wholly-owned subsidiary of the Company incorporated in Bermuda;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Malaysia Licence Agreement (No. 1)”	means the licence agreement dated 7 January 2019 for the grant of the right to use certain trademarks and tradenames in relation to the Malaysia Property (No. 1) for a term of 3 years from 8 January 2019 entered into between Lanson Place Bermuda and Seniharta Sdn. Bhd.;
“Malaysia Licence Agreement	means the licence agreement dated 7 January 2019 for the grant of the right to use certain trademarks and tradenames

(No. 2)”	in relation to the Malaysia Property (No. 2) for a term of 3 years from 8 January 2019 entered into between Lanson Place Bermuda and DNP Jaya Sdn. Bhd.;
“Malaysia Operating Agreement (No. 1)”	means the operating agreement dated 7 January 2019 for the provision of hotel apartment management services in relation to the Malaysia Property (No. 1) for a term of 3 years from 8 January 2019 entered into between Lanson Place Malaysia and Seniharta Sdn Bhd.;
“Malaysia Operating Agreement (No. 2)”	means the operating agreement dated 7 January 2019 for the provision of serviced apartment management consulting services in relation to the Malaysia Property (No. 2) for a term of 3 years from 8 January 2019 entered into between Lanson Place Malaysia and DNP Jaya Sdn. Bhd.;
“Malaysia Property (No. 1)”	means the hotel apartment block located at 1, Jalan Ampang Hilir, 55000 Kuala Lumpur, Malaysia;
“Malaysia Property (No. 2)”	means the serviced apartment block located at 6, Jalan Ampang Hilir, 55000 Kuala Lumpur, Malaysia;
“Operating and Licence Agreements”	means the Singapore Operating Agreement, the Singapore Licence Agreement, the Malaysia Operating Agreement (No. 1), the Malaysia Licence Agreement (No. 1); the Malaysia Operating Agreement (No. 2) and the Malaysia Licence Agreement (No. 2) collectively;
“Percentage Ratios”	has the meaning ascribed to it under the Listing Rules;
“Revenue Ratio”	has the meaning ascribed to it under Chapter 14 of the Listing Rules;
“Singapore Licence Agreement”	means the licence agreement dated 7 January 2019 for the grant of the right to use certain trademarks and tradenames in relation to the Singapore Property for a term of 3 years from 8 January 2019 entered into between Lanson Place Bermuda and Winshine Investment Pte Ltd.;
“Singapore Operating Agreement”	means the operating agreement dated 7 January 2019 for the provision of serviced suites management services in relation to the Singapore Property for a term of 3 years from 8 January 2019 entered into between Lanson Place Singapore and Winshine Investment Pte Ltd;
“Singapore Property”	means the serviced suites located at 167 Penang Road, Singapore;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;

“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules;
“Total Income”	means the aggregate of the basic management fee, incentive management fee, basic consultation fee and licence fee to be generated by Lanson Place Singapore, Lanson Place Malaysia and Lanson Place Bermuda from the Operating and Licence Agreements; and
“Wing Tai Holdings”	means Wing Tai Holdings Limited, a company incorporated in Singapore.

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

Hong Kong, 7 January 2019

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, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma, Cheng Hoi Chuen, Vincent and Lam Kin Fung, Jeffrey