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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 REVISION OF ANNUAL CAPS FOR OPERATING AND LICENCE AGREEMENTS

On 31 May 2022, Lanson Place Singapore and Lanson Place Hong Kong (both are indirect wholly-owned subsidiaries of the Company) entered into the Operating and Licence Agreements with Winshine. Based on the Original Annual Caps, all applicable Percentage Ratios in respect of the Operating and Licence Agreements were less than 0.1%, so the entering into the Operating and Licence Agreements constituted de minimis transaction and was fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the relevant requirements under Chapter 14A of the Listing Rules applicable to the Revised Annual Caps in respect of the Operating and Licence Agreements before the Original Annual Caps are exceeded.

As one or more of the applicable Percentage Ratios in respect of the Revised Annual Caps exceeds 0.1% but all of the applicable Percentage Ratios are less than 5%, the transactions contemplated under the Operating and Licence Agreements are subject to the announcement, reporting and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

On 31 May 2022, Lanson Place Singapore and Lanson Place Hong Kong (both are indirect wholly-owned subsidiaries of the Company) entered into the following agreements with Winshine:-

(A) The Operating Agreement

- (i) this agreement was entered into between Lanson Place Singapore and Winshine;
- (ii) pursuant to this agreement, Lanson Place Singapore is entitled to the following:
 - (a) a basic management fee in an amount equal to two percent (2%) of the total revenue of the Property (subject to adjustment) being payable by

Winshine within 20 days from receipt by Winshine of each monthly financial report for the Property; and

- (b) an incentive management fee shall be calculated based on the gross operating profit for each operating year (subject to adjustment) as set out in the table below:

	Incentive management fee payable
Gross operating profit < S\$4 million	6%
Gross operating profit \geq S\$4 million and \leq S\$4.5 million	8%
Gross operating profit > S\$4.5 million	10%

and payable by Winshine within 20 days from receipt by Winshine of the audited annual financial report for the Property;

- (iii) the amounts of the aforementioned fees were agreed between Lanson Place Singapore and Winshine following arm's length negotiations between them by reference to the relevant fees charged by the Group for comparable projects; and
- (iv) Winshine 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 Property.

(B) The Licence Agreement

- (i) this agreement was entered into between Lanson Place Hong Kong and Winshine;
- (ii) pursuant to this agreement, Lanson Place Hong Kong is entitled to one US Dollar, being a fixed licence fee, for each operating year payable by Winshine 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 Hong Kong and Winshine following arm's length negotiations by reference to the relevant fees charged by the Group for comparable projects.

Before entering into the Operating and Licence Agreements, the Group estimated that the Original Annual Caps during the years ending 31 December 2022, 31 December 2023, 31 December 2024 and 31 December 2025 amounted to approximately HK\$1.5 million, HK\$3.1 million, HK\$3.2 million and HK\$1.7 million respectively on the basis of:

- (a) the forecast room rate and occupancy rate of the Property;
- (b) the revenue of comparable properties in Singapore as disclosed in publicly available market research materials; and

(c) forecast rates of exchange of Singapore dollars into Hong Kong dollars.

Based on the Original Annual Caps, all applicable Percentage Ratios in respect of the Operating and Licence Agreements were less than 0.1%, so the entering into the Operating and Licence Agreements constituted de minimis transaction and was fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

The unaudited transaction amounts from 1 July 2022 to 31 December 2022 and for the six month ended 30 June 2023 generated by Lanson Place Singapore and Lanson Place Hong Kong under the Operating and Licence Agreements were (in aggregate) approximately HK\$1.4 million and HK\$2.5 million respectively. As at the date of this announcement, the aggregate transaction amounts under the Operating and Licence Agreements have not exceeded the Original Annual Caps for the year ended 31 December 2022 and for the year ending 31 December 2023.

REVISION OF ORIGINAL ANNUAL CAPS UNDER THE OPERATING AND LICENCE AGREEMENTS

In view of (i) the historical transaction amounts for the provision of serviced suites management services and the significant increase in the transaction amounts generated by Lanson Place Singapore under the Operating and Licence Agreements in the first half of 2023; and (ii) the positive trend in the room rate and occupancy rate of the Property, the Group estimates that the aggregate amounts generated by Lanson Place Singapore and Lanson Place Hong Kong under the Operating and Licence Agreements will exceed the Original Annual Caps for the years ending 31 December 2023, 31 December 2024 and 31 December 2025. Accordingly, the Board has approved the Revised Annual Caps as follows:

	For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Revised Annual Caps	4.9	5.3	3.0

REASONS FOR ENTERING INTO THE OPERATING AND LICENCE AGREEMENTS

The Board considered it was 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 would sustain the Group's hospitality business in Asia.

The Directors (including the independent non-executive Directors) were 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 and Lanson Place Hong Kong is an indirect 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. Winshine, 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 interest in the Operating and Licence Agreements. They have abstained from voting on the board resolutions approving the transactions concerned.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the relevant requirements under Chapter 14A of the Listing Rules applicable to the Revised Annual Caps in respect of the Operating and Licence Agreements before the Original Annual Caps are exceeded.

As one or more of the applicable Percentage Ratios in respect of the Revised Annual Caps exceeds 0.1% but all of the applicable Percentage Ratios are less than 5%, the transactions contemplated under the Operating and Licence Agreements are subject to the announcement, reporting and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE COMPANY AND WINSHINE

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 and Lanson Place Hong Kong are indirect wholly-owned subsidiaries of the Company incorporated in Singapore and Hong Kong respectively.

The principal activities of (i) Lanson Place Singapore is provision of hospitality management services; and (ii) Lanson Place Hong Kong is licensing.

Winshine is a company incorporated in Singapore which is 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”	the board of Directors;
“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;

“Connected Person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Lanson Place Singapore”	Lanson Place Hospitality Management (Singapore) Pte Limited, a company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company;
“Lanson Place Hong Kong”	Lanson Place Hotels & Residences Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company;
“Licence Agreement”	a licence agreement dated 31 May 2022 for the grant of the right to use certain trademarks and tradenames in relation to the Property entered into between Lanson Place Hong Kong and Winshine for a term of 3 years from 1 July 2022 to 30 June 2025;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Operating Agreement”	an operating agreement dated 31 May 2022 for the provision of serviced suites management services in relation to the Property entered into between Lanson Place Singapore and Winshine for a term of 3 years from 1 July 2022 to 30 June 2025;
“Operating and Licence Agreements”	the Operating Agreement and the Licence Agreement collectively;
“Original Annual Caps”	upon signing the Operating and Licence Agreements on 31 May 2022, the maximum aggregate of the basic management fee, the incentive management fee and the licence fee estimated to be generated by Lanson Place Singapore and Lanson Place Hong Kong therefrom for the years ending 31 December 2022, 31 December 2023, 31 December 2024 and 31 December 2025;
“Percentage Ratios”	has the meaning ascribed to it under the Listing Rules;
“Property”	the serviced suites located at 167 Penang Road, Singapore;

“Revised Annual Caps”	the revised maximum aggregate of the basic management fee, the incentive management fee and the licence fee to be generated by Lanson Place Singapore and Lanson Place Hong Kong under the Operating and Licence Agreements for the years ending 31 December 2023, 31 December 2024 and 31 December 2025;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules;
“S\$”	Singapore dollars, the lawful currency of Singapore;
“Wing Tai Holdings”	Wing Tai Holdings Limited, a company incorporated in Singapore; and
“Winshine”	Winshine Investment Pte Ltd, a company incorporated in Singapore and a subsidiary of Wing Tai Holdings.

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

Hong Kong, 6 September 2023

As at the date of this announcement, the Directors 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 and Chen Chou Mei Mei, Vivien

Independent non-executive Directors:

Simon Murray, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma, Lam Kin Fung, Jeffrey and Ng Tak Wai, Frederick