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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)**

### **DISCLOSEABLE TRANSACTION**

#### **DISPOSAL OF ENTIRE EQUITY INTEREST IN TARGET COMPANY**

The Directors are pleased to announce that on 20 September 2023 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchasers have conditionally agreed to acquire the Sale Equity Interest at the Consideration.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and thereafter the financial results of the Target Company will cease to be consolidated into the financial statements of the Group.

As one of the applicable percentage ratios of the Disposal exceeds 5% and all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 the Listing Rules.

**As the Disposal is conditional on the fulfillment of the conditions 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 20 September 2023 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchasers have conditionally agreed to acquire the Sale Equity Interest at the Consideration. The principal terms of the Equity Transfer Agreement are set out below:

### **EQUITY TRANSFER AGREEMENT**

#### **Date**

20 September 2023 (after trading hours)

## **Parties**

Vendor: True Prosper Limited

Purchasers: (1) Beijing Baicheng  
(2) Jovial

Target Company: 永泰富聯物業管理(北京)有限公司

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

## **Assets to be disposed of**

Under the Equity Transfer Agreement, the Vendor has conditionally agreed to sell, and the Purchasers have conditionally agreed to acquire, the Sale Equity Interest, representing the entire equity interest in the Target Company.

The Vendor holds the entire equity interest in the Target Company and the Target Company owns the entire interest in the Property.

Upon Completion, the Company shall cease to have any interest in the Target Company.

## **Consideration and Payment Terms**

According to the Equity Transfer Agreement, the Consideration shall be paid in the following manners:

- (1) a sum of RMB19.069 million (equivalent to approximately HK\$20.59 million<sup>#</sup>) transferred to the escrow account upon execution of the Equity Transfer Agreement;
- (2) a sum of RMB95.345 million (equivalent to approximately HK\$102.97 million<sup>#</sup>) to be paid into the escrow account within 10 working days after all of the conditions for payment of the first installment has been either fulfilled or waived;
- (3) a sum of RMB266.966 million (equivalent to approximately HK\$288.32 million<sup>#</sup>) to be paid into the escrow account within 10 working days after all of the conditions for payment of the second installment has been either fulfilled or waived; and
- (4) after the amount of the Consideration has been agreed between the Vendor and the Purchasers, (i) where the amount of the Consideration is smaller than RMB381.38 million, the Vendor shall pay the Purchasers such difference; or (ii) where the amount of the Consideration is higher than RMB381.38 million, the Purchasers shall pay the Vendor such difference.

The Consideration and arrangements described above were determined after arm's length negotiation between the Vendor and the Purchasers with reference to agreed value of the Property and the net asset value of the Target Company.

### **Conditions Precedent for the Payment of the First Instalment**

Key conditions precedent for the payment of the first instalment of the Consideration are as follows:-

- (1) the representations, assurances and undertakings made by the Vendor and the Target Company and the information provided by the Vendor to the Purchasers are true, effective, complete and accurate and are not misleading; and
- (2) there is no material adverse change on the Target Company.

### **Conditions Precedent for the Payment of the Second Instalment**

Key conditions precedent for the payment of the second instalment of the Consideration are as follows:-

- (1) the conditions precedent for the payment of the first instalment of the Consideration continue to be effective and have either been satisfied or waived by the Purchasers;
- (2) the Target Company has cleaned up its balance sheet in accordance with the terms of the Equity Transfer Agreement; and
- (3) where tenancy created by the tenancy agreements will not expire within 80 days from the date of the Equity Transfer Agreement, the Target Company has sent early termination notices to the sitting tenants pursuant to the terms of the tenancy agreements.

### **Completion**

Completion shall take place on the Completion Date.

### **INFORMATION OF THE TARGET COMPANY AND THE PROPERTY**

The Target Company is established in the Mainland China with limited liability and wholly owned by the Vendor. It owns the entire interest in the Property. Its principal business is investment in the Property.

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

	<b>For the year ended 31 December 2022 HK\$ million</b>	<b>For the year ended 31 December 2021 HK\$ million</b>
Net asset	293.4	306.7
Net profit before taxation	17.2	9.4
Net profit after taxation	10.9	5.5

## **FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS**

Upon Completion, the Target Company will cease to be a subsidiary of the Company and thereafter the financial results of the Target Company will not be consolidated into the financial statements of the Group.

Based on the estimated amount of the Consideration, the Group will record a gain of approximately HK\$50 million from the Disposal. Such calculation is only an estimate provided for illustrative purposes and the actual financial effect in respect of the Disposal is subject to review by the auditor of the Company.

The net proceeds from the Disposal of approximately HK\$330 million is intended to be utilized as general working capital of the Group.

## **REASONS FOR THE DISPOSAL**

The Group monitors the market environment continuously and reviews its property portfolio from time to time with an aim of maximizing the return to the Shareholders on its property investment business. The Directors consider that the Disposal represents a good opportunity for the Company to realise its investment at a reasonable price.

It is estimated that the Group will realise a gain of approximately HK\$50 million from the Disposal, which will to be accounted for in the consolidated financial statements of the Company for the financial year ending 31 December 2023. The estimated gain is made on the basis of the estimated amount of the Consideration, the carrying value of the Target Company, the estimated amount of expenses incurred and to be incurred in connection with the Disposal, and the estimated amount of taxes relating to the Disposal. The proceeds from the Disposal will be retained as general working capital of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole and the Equity Transfer Agreement has been entered into on normal commercial terms after arm's length negotiations between the parties.

## **INFORMATION ABOUT THE COMPANY AND THE VENDOR**

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.

The Vendor is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

## **INFORMATION ABOUT THE PURCHASERS**

Beijing Baicheng is a limited partnership established in the Mainland China. It is principally engaged in investment holding in the Mainland China.

Jovial is a company incorporated in Hong Kong with limited liability. It is principally engaged in investment holding.

## LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios of the Disposal exceeds 5% and all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 the Listing Rules.

**As the Disposal is conditional on the fulfillment of the conditions precedent, it may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

Unless otherwise defined in this announcement, the following expressions have the following meanings unless the context otherwise requires:

“Beijing Baicheng”	Beijing Baicheng Enterprise Management Consulting Centre (Limited Partnership) (北京佰程企業管理諮詢中心 (有限合夥)), a limited partnership established in the Mainland China
“Business Day”	any day (other than a Saturday or Sunday) on which commercial banks are open for business in Hong Kong and the Mainland China
“Completion”	completion of the Disposal
“Completion Date”	the date on which the change of the Target Company’s business licence is completed
“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
“Consideration”	RMB381.38 million (being the agreed value of the Property) (equivalent to approximately HK\$411.89 million <sup>#</sup> ) plus the cash assets of the Target Company as of the Completion Date minus the liabilities of the Target Company as of the Completion Date
“Director(s)”	the director(s) of the Company
“Disposal”	the transfer of its Sale Equity Interest from the Vendor to the Purchasers pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 20 September 2023 entered into between the Vendor, the Purchasers and the Target Company in relation to the Disposal
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Jovial”	Jovial Starlight Hong Kong Limited, a company incorporated in Hong Kong with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mainland China”	the People’s Republic of China excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Property”	the property is 33 residential units with a gross floor area of approximately 6,200 square metres and 33 car parking spaces located at No.6, Chaoyang Street, Chaoyang District, Beijing, the Mainland China (北京市朝陽區朝陽門外大街 6 號院)
“Purchasers”	Beijing Baicheng and Jovial
“RMB”	Renminbi, the lawful currency of the Mainland China
“Sale Equity Interest”	the entire equity interest in the Target Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	永泰富聯物業管理(北京)有限公司, a company established in the Mainland China with limited liability and an indirect wholly-owned subsidiary of the Company prior to Completion
“Vendor”	True Prosper Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

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

Hong Kong, 20 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

# *For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at rate of RMB1=HK\$1.08. No representation is made that any amounts in RMB has been or could be converted at such rate or any other rate.*