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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 FORMATION OF JOINT VENTURE

The Directors are pleased to announce that on 26 February 2021, the Company entered into the MOA, pursuant to which (i) the JV Parties agreed to form the Joint Venture for the purpose of acquiring the Property and (ii) shares of the JV Company were issued and allotted to each of the JV Parties or one of their respective wholly-owned subsidiaries. Following such issue and allotment of shares of the JV Company, the Wing Tai Subsidiary holds 21% of the total issued shares of the JV Company.

On the same day, the JV Company agreed to acquire 100% equity interest of the Target Company, the owner of the Property, from the Sellers pursuant to the Sale and Purchase Agreement.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the formation of Joint Venture exceeds 5% and all applicable percentage ratios are less than 25%, the formation of the Joint Venture constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 the Listing Rules.

Formation of Joint Venture

The Directors are pleased to announce that on 26 February 2021, the Company entered into the MOA, pursuant to which (i) the JV Parties agreed to form the Joint Venture for the purpose of acquiring the Property and (ii) shares of the JV Company were issued and allotted to each of the JV Parties or one of their respective wholly-owned subsidiaries. Following such issue and allotment of shares of the JV Company, the Wing Tai Subsidiary holds 21% of the total issued shares of the JV Company.

On the same day, the JV Company agreed to acquire 100% equity interest of the Target Company, the owner of the Property, from the Sellers pursuant to the Sale and Purchase Agreement.

Completion under the Sale and Purchase Agreement (i.e. the Acquisition Completion) is expected to take place on or around 9 April 2021.

Upon the later of : (a) the completion of the Acquisition; and (b) the JV Parties agreeing to the final form of the JVA, the JV Parties will enter into the JVA, which will supersede the MOA, to govern the relationship between the JV Parties as shareholders of the JV Company.

Principal Terms of the MOA

Date : 26 February 2021

Parties : Following the issue and allotment of shares of the JV Company to each JV Party, the Shareholding Proportion of each JV Party is as follows:

Shareholding Proportion

Top Paramount (itself or through a wholly-owned subsidiary)	31%
Champion SPV	27%
The Company (itself or through a wholly-owned subsidiary)	21%
Sparkle Delight (itself or through a wholly-owned subsidiary)	21%
Total	100%

Purpose : The JV Company is a single purpose vehicle with the sole purpose of acquiring the Property (through the Acquisition).

Shareholder loan contribution : Each JV Party has contributed its *pro rata* share of the Acquisition Deposit by way of shareholder loan based on its Shareholding Proportion, in the following amounts:

Contribution to Acquisition Deposit

Top Paramount	:	£6.2 million (approximately HK\$68.0 million based on the Indicative Exchange Rate)
Champion SPV	:	£5.4 million (approximately HK\$59.2 million based on the Indicative Exchange Rate)
The Company	:	£4.2 million (approximately HK\$46.1 million based on the Indicative Exchange Rate)
Sparkle Delight	:	£4.2 million (approximately HK\$46.1 million based on the Indicative Exchange Rate)
Total	:	£20 million (approximately HK\$219.3 million based on the Indicative Exchange Rate)

The JV Company shall issue a notice to the JV Parties, which shall specify the further shareholder loan contribution required from each JV Party, being their respective *pro rata* share of the Initial Acquisition Consideration (and, if necessary, the post-completion adjustment payment under the Sale and Purchase Agreement) based on the Shareholding Proportion (the "**Further Contribution**"), and the date by which the Further Contribution shall be paid. Each JV Party shall make its Further Contribution by way of shareholder loan to the JV Company by such date, and if any JV Party (the "**Defaulting JV Party**") fails to make full payment of its Further Contribution by such date, the rights and remedies which the other JV Parties (the "**Non-defaulting JV Parties**") may have against the Defaulting JV Party in respect of such default include but are not limited to the following: (i) the Defaulting JV Party shall lose its voting right and its right to appoint a director to the board of directors of the JV Company; and (ii) the Non-defaulting JV Parties may (but shall not be obliged to) acquire the Defaulting JV Party's interest in the JV Company at a discount to fair market value and increase their respective shareholder loan contributions to the JV Company.

Financing : The JV Company shall obtain separate approvals from the respective boards of each JV Party prior to obtaining external loans from any banks or financial institutions. If such banks or financial institutions require guarantees, indemnities or securities, the JV Parties shall only provide the same on a several and *pro rata* basis based on their respective Shareholding Proportion.

In the event external loans are insufficient and additional financing is required, this shall be satisfied by shareholder loans on a *pro rata* basis based on the JV Parties' respective Shareholding Proportion, unless the JV Parties unanimously agree to other arrangements.

Board composition : The JV Company shall have four directors. Each JV Party shall be entitled to appoint one director to the board of directors of the JV Company for every whole 20% of the shareholding interest held by it. Based on the Shareholding Proportion, each JV Party will have the right to appoint one director.

Reserved matters : The following matters in relation to the JV Company or any of its subsidiaries shall require the unanimous consent of all JV Parties:

- change or cessation of the nature or scope of business
- mergers, acquisitions, disposals or winding up
- transactions which are not on an arm's length basis and in the ordinary and usual course of business
- change in equity capital structure or issuance of securities or options
- creation of encumbrances or provision of guarantees or indemnities
- change in the JVA or constitutional documents
- assignment of rights or benefits under the MOA
- borrowings (other than shareholder loans)

- incurring expenditure in respect of any line item that is 30% or more in excess of the amount of that line item in the approved annual budget
- incurring capital expenditure exceeding £500,000
- major acquisitions, transfers or disposals of assets exceeding £500,000
- changes to dividend distribution policy
- litigation, arbitration or administrative proceedings
- refund of shareholder loan previously advanced by one JV Party to another JV Party other than on a *pari passu* basis or in accordance with the JVA

The following matters in relation to the JV Company or any of its subsidiaries shall require the consent of not less than three JV Parties holding in aggregate not less than 51% of the issued shares of the JV Company:

- (subject to the JV Parties having unanimously consented to the disposal) exercise of any discretion, power or authority or the giving of any consent in connection with the disposal of shares of the JV Company or any of its subsidiaries
- appointment of key consultants and advisers, including the Project Manager
- approval of annual budget
- incurring non-capital expenditure not set out in approved annual budget
- incurring capital expenditure equal to or less than £500,000

Distributions : Based on the Shareholding Proportion, each JV Party shall be entitled to a *pro rata* share of all dividends approved for distribution by the JV Company. The MOA contemplates that the JVA will provide that the JV Company will, after setting aside sufficient reserves to satisfy liabilities (such as any instalments of principal or interest due on external loans) and working capital requirements and subject to law, distribute its profits by way of dividend to the JV Parties at least annually.

Restriction on transfers : Each JV Party may transfer its shares of the JV Company subject to the other JV Parties' right of first offer and tag along rights in respect of such shares. The JV Parties shall have the right to disapprove a proposed transfer if the proposed transferee is not of comparable standing and/or reputation or otherwise acceptable.

Termination : The MOA shall terminate upon the earliest of the following events to occur:

- termination of the Sale and Purchase Agreement, but such termination shall be without prejudice to each Party's rights and remedies for any antecedent breaches by the other Party(ies);
- entry into the JVA; or
- all of the JV Parties agreeing in writing to terminate the MOA.

If the Sale and Purchase Agreement is terminated due to the Sellers' failure to complete the Acquisition: (i) each of the JV

Party's shareholder loans to the JV Company shall be repaid to it; and (ii) any and all damages received from the Sellers shall be apportioned among the JV Parties *pro rata* based on their respective Shareholding Proportion after having set aside a reasonable amount for: (a) paying off the outstanding liabilities of the JV Company to third parties; (b) meeting the maintenance costs of the JV Company until it is wound up; and (c) the winding up costs of the JV Company.

Governing law : Laws of Hong Kong

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries and noting Mr Cheng Wai Chee, Christopher is the Chairman, a director and shareholder of the Company as well as a director of the manager of Champion REIT, the JV Parties and their ultimate beneficial owners are third parties independent of the Group and connected persons of the Company.

Key terms of the Sale and Purchase Agreement

Date : 26 February 2021

Parties : (1) HPREF Athene Holding S.à r.l. and Henderson Park Real Estate Fund I Finance Master Ltd as sellers
(2) Athene Investment (BVI) Limited as purchaser

Subject of the Acquisition : 100% of the issued share capital of HPREF Athene Investment S.à r.l., being the legal and beneficial owner of the Property

Consideration : The NAV of the Target Company as at the Acquisition Completion Date (which will be calculated based on the accounting principles set out in the Sale and Purchase Agreement), less the Sellers' contribution to the cost of the JV Company's warranties and indemnities insurance policy (subject to a cap of £150,000).

For the purpose of determining the NAV, the value of the Property has been fixed at the Agreed Property Value of £255 million (approximately HK\$2,796.4 million based on the Indicative Exchange Rate).

The amount of the Initial Acquisition Consideration shall be determined based on the estimated NAV and subject to customary completion accounts adjustments.

Acquisition Deposit : £20 million (approximately HK\$219.3 million based on the Indicative Exchange Rate), which shall be held by the Sellers' Solicitors as stakeholders pending the Acquisition Completion.

Expected Acquisition Completion Date : 9 April 2021

Governing law : Laws of England and Wales

Information of the Property

The Property is an 11-storey (including one lower ground floor) building situated at 66 Shoe Lane, London EC4A 3BQ (formerly known as Athene Place), with approximately 153,462 square feet of office and ancillary space and approximately 4,196 square feet of retail space. The Property has undergone refurbishment works which were recently completed in the fourth quarter of 2020.

The Property is located on the western edge of The City of London and is in close proximity to several underground and overground rail hubs.

The Target Company has the benefit (as tenant) of the Main Leasehold Interest and the Airspace Leasehold Interest in the Property.

The Main Leasehold Interest is subject to the Occupational Leases and charges (which will be discharged upon the Acquisition Completion).

The Airspace Leasehold Interest is subject to charges (which will be discharged upon the Acquisition Completion).

The entire office space has been leased to the Occupational Tenant under five Occupational Leases with tenors of 15 years (including rent-free periods) expiring on 28 September 2035 (with an option to renew for two further terms up to 13 October 2036 and 13 October 2041 respectively). The Occupational Tenant is a global Big Four accounting and professional services firm.

The value of the Property held by the Target Company (as appraised by the JV Valuer) is £260 million (approximately HK\$2,851.2 million based on the Indicative Exchange Rate) as at 15 December 2020.

The MOA provides that the Company or a party nominated by it will be appointed by the JV Company as the Project Manager after the Acquisition Completion, on arm's length and normal commercial terms to be agreed by all the JV Parties.

Capital contribution to the Joint Venture

Pursuant to the MOA, each JV Party has contributed its pro rata share of the Acquisition Deposit by way of shareholder loan based on its Shareholding Proportion. The JV Parties shall be responsible for the funding requirements of the JV Company for, among others, the Acquisition, the operation of the Property and external financing costs based on the JV Parties' respective Shareholding Proportion.

The JV Parties have committed to contribute £258 million (equivalent to approximately HK\$2,829.3 million) to the Joint Venture pro rata based on the Shareholding Proportions. The Company's proportional share thereof amounts to £54.2 million (equivalent to approximately HK\$594.4 million). The amount of capital contribution was determined after arm's length negotiation between the parties to the MOA with reference to, among others, the consideration for the Acquisition, the anticipated operational expenses of the Property, the estimated transaction costs relating to the Acquisition and external financing costs. Capital contribution payable by the Wing Tai Subsidiary will be funded by the Group's internal resources and/or borrowing.

Reasons and benefits of the formation of Joint Venture

One of the principal activities of the Group is property investment. The Directors believe that the formation of the JV Company to acquire the Property provides an opportunity for the Group to expand and diversify its property investment portfolio and generate a steady flow of rental income to the Group.

The Directors consider that the terms of the MOA are fair and reasonable and the entry into of the Joint Venture are in the interests of the Company and its shareholders as a whole.

Information on the Company and the Wing Tai Subsidiary

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. The Wing Tai Subsidiary, a wholly-owned subsidiary of the Company, is principally engaged in investment holding and designated by the Company to hold the shares of the JV Company.

Information on Top Paramount, Champion REIT and Sparkle Delight

The principal business of Top Paramount is investment holding. The ultimate beneficial owner of Top Paramount is Mr Chee Chen Tung.

Champion REIT is a collective investment scheme constituted as a unit trust and authorised by the SFC under section 104 of the SFO, whose Units are listed on the Main Board of the Stock Exchange. The principal business activities of Champion REIT are to invest in and own income-producing office and retail properties with the objective of providing Unitholders with stable and sustainable distributions and to achieve long-term capital growth through proactive management of the properties in Champion REIT's portfolio and the selective acquisition of properties.

The Champion SPV is a special purpose vehicle of Champion REIT established in the British Virgin Islands for the purpose of holding Champion REIT's interest in the JV Company which will, upon the Acquisition Completion, hold the Property through the Target Company.

The principal business of Sparkle Delight is investment holding. The ultimate beneficial owner of Sparkle Delight is Mr Lui, Francis Yiu-tung.

Listing Rules Implication

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the formation of Joint Venture exceeds 5% and all applicable percentage ratios are less than 25%, such formation constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 the Listing Rules.

Definitions

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

“Acquisition”	the proposed acquisition by the JV Company of the Property through the acquisition of the Target Company;
“Acquisition Completion”	the completion of the Acquisition under the Sale and Purchase Agreement;

“Acquisition Completion Date”	the date on which the Acquisition Completion takes place in accordance with the Sale and Purchase Agreement;
“Acquisition Deposit”	the deposit in the amount of £20 million (approximately HK\$219.3 million based on the Indicative Exchange Rate), which has been paid to and shall be held by the Sellers’ Solicitors as stakeholders pending the Acquisition Completion;
“Agreed Property Value”	the value attributable to the Property as agreed between the JV Company and the Sellers, being £255 million (approximately HK\$2,796.4 based on the Indicative Exchange Rate);
“Airspace Leasehold Interest”	<p>the leasehold estate in the Property (forming an area of airspace) for a term of 50 years from 31 October 2000 up to 12:00 p.m. on 31 October 2050 with an option to renew (subject to payment of a premium based on the open market value as determined in accordance with the terms of the lease) for a further term of 50 years from 12:00 p.m. on 31 October 2050 up to 12:00 p.m. on 31 October 2100 as granted by The Queen’s Most Excellent Majesty and as registered at HM Land Registry under title number NGL794153.</p> <p>The head rent is fixed at a peppercorn for the term of the lease;</p>
“Board”	the board of Directors of the Company;
“Champion REIT”	Champion Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised by the SFC under section 104 of the SFO subject to applicable conditions from time to time;
“Champion SPV”	CP Investments (UK) Limited, a special purpose vehicle of Champion REIT established in the British Virgin Islands for the purpose of holding Champion REIT’s interest in the JV Company;
“Company”	Wing Tai Properties Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange;
“Defaulting JV Party”	has the meaning ascribed to it in the section headed Principal Terms of the MOA of this announcement;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Further Contribution”	the meaning ascribed to it in the section headed Principal Terms of the MOA of this announcement;

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Indicative Exchange Rate”	the exchange rate of £1 to HK\$10.9661 quoted by Bloomberg as at 24 February 2021;
“Initial Acquisition Consideration”	the amount payable by the JV Company to the Sellers on the Acquisition Completion Date;
“Joint Venture”	the joint venture established by the JV Parties for the purpose of acquiring and owning the Property (through the JV Company acquiring the Target Company);
“JV Company”	Athene Investment (BVI) Limited, being the purchaser of the Target Company;
“JV Parties”	Top Paramount, the Champion SPV, the Company and Sparkle Delight;
“JV Valuer”	Knight Frank LLP;
“JVA”	the joint venture agreement to be entered into by and between the JV Parties to govern their relationship as shareholders (or parent companies of shareholders) of the JV Company;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
“Main Leasehold Interest”	<p>the leasehold estate in the Property (excluding the area demised under the Airspace Leasehold Interest) for a term of 99 years from 1 October 2002 up to 30 September 2101 with an option to renew (at nil cost) for a further term of 51 years from 1 October 2101 up to 30 September 2152 as granted by The Mayor and Commonalty and Citizens of The City of London and as registered at HM Land Registry under title number NGL824031.</p> <p>The head rent is fixed at a peppercorn for the term of the lease;</p>
“MOA”	the binding memorandum of agreement dated 26 February 2021 entered into by and between the JV Parties which sets out the principal terms of the Joint Venture;
“NAV”	net asset value;
“Occupational Leases”	the occupational leases to which the Main Leasehold Interest is subject;
“Occupational Tenant”	Deloitte LLP or its affiliate, being the tenant under the Occupational Leases;

“Project Manager”	the project coordinator and manager of the JV Company. The MOA contemplates that the initial Project Manager will be the Company or a party nominated by it;
“Property”	the property situated at 66 Shoe Lane, London EC4A 3BQ and comprising the Main Leasehold Interest and the Airspace Leasehold Interest;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 February 2021 in relation to the Acquisition;
“Sellers”	HPREF Athene Holding S.à r.l. and Henderson Park Real Estate Fund I Finance Master Ltd;
“Sellers' Solicitors”	Bryan Cave Leighton Paisner LLP, being the legal advisers to the Sellers in the Acquisition;
“SFC”	the Securities and Futures Commission as stated in section 3 of the SFO;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Shareholding Proportion”	the shares of the JV Company held by each JV Party or one of its wholly-owned subsidiaries expressed as a percentage of the total number of issued shares of the JV Company. The Shareholding Proportion as at the date hereof is set out in the section headed Principal Terms of the MOA of this announcement;
“Sparkle Delight”	Sparkle Delight Limited;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	HPREF Athene Investment S.à r.l., being the legal and beneficial owner of the Property as at the date hereof;
“Top Paramount”	Top Paramount Limited;
“UK”	the United Kingdom of Great Britain and Northern Ireland;
“Unit”	one undivided unit in Champion REIT;
“Unitholder”	any person registered as holding a Unit;
“Wing Tai Subsidiary”	Luxury Garden Holdings Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company;
“%”	percent or percentage; and
“£”	pound sterling, the lawful currency of the UK.

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

Hong Kong, 28 February 2021

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, 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