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VALUE PARTNERS GROUP LIMITED

惠理集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 806)

DISCLOSEABLE TRANSACTION PROVISION OF A SHAREHOLDER LOAN TO A COMPANY FOR ITS INVESTMENT IN AN AUSTRALIAN PROPERTY

On 21 December 2021, VP AP Real Estate and Trend Able have agreed with Clear Miles under the Contribution Agreement that each of them will inject by way of shareholder loan of AUD55 million (equivalent to approximately HK\$306 million) pro rata to their respective equity interest in Clear Miles in accordance with the terms and conditions of the Amended SHA. Such injection by VP AP Real Estate and Trend Able is to enable Clear Miles to acquire 25% attributable interest in the Property (with each of VP AP Real Estate and Trend Able acquiring 12.5% attributable interest in the Property) through the subscription of an aggregate of 110,000,000 units in the Trust at an issue price of AUD1.00 per unit at a total consideration of AUD110 million (equivalent approximately HK\$612 million).

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the amount of shareholder loan to be provided by VP AP Real Estate to Clear Miles is more than 5% but less than 25%, the provision of the shareholder loan by VP AP Real Estate to Clear Miles constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

SHAREHOLDER LOAN

On 21 December 2021, VP AP Real Estate and Trend Able have agreed with Clear Miles under the Contribution Agreement that each of them will inject by way of interest free and unsecured shareholder loan with no fixed repayment date of AUD55 million (equivalent to approximately HK\$306 million) pro rata to their respective equity interest in Clear Miles in accordance with the terms and conditions of the Amended SHA. Such injection by VP AP Real Estate and Trend Able is to enable Clear Miles to acquire 25% attributable interest in the Property (with each of VP AP Real Estate and Trend Able acquiring 12.5% attributable interest in the Property) through the subscription of an aggregate of 110,000,000 units in the Trust at an issue price of AUD1.00 per unit at a total consideration of AUD110 million (equivalent to approximately HK\$612 million). 11,000,000 units are to be subscribed on or before 21 December 2021 and the remaining 99,000,000 units are to be subscribed on or before 31 March 2022. Advances of the shareholders loan under the Contribution Agreement are to be made by VP AP Real Estate and Trend Able in tranches as required by Clear Miles to meet its subscription payment obligations.

The amount of shareholder loan to be provided by VP AP Real Estate to Clear Miles was determined by its shareholding in Clear Miles with reference to 25% of the purchase price of a 50% interest in the Property of AUD401.3 million (equivalent to approximately HK\$2,231,228,000) (which is comparable to the market value of 50% interest in the Property as at 1 December 2021) and estimated transaction costs.

INFORMATION ON CLEAR MILES

Clear Miles is a joint venture company beneficially owned as to 50% by VP AP Real Estate and 50% by Trend Able.

VP AP Real Estate is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Value Partners Asia Pacific Real Estate Limited Partnership, the Company's wholly-owned real estate private equity.

Trend Able is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of LCHI, a company incorporated in Hong Kong with limited liabilities whose shares are listed on the Main Board of the Stock Exchange. LCHI and its subsidiaries are principally engaged in property investment and investment holding. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Trend Able, LCHI and its substantial shareholders is an Independent Third Party.

Clear Miles was formed for the purpose of investing in a single Australian investment property in September 2018 which was divested in February 2021 and has remained inactive since the disposal. Pursuant to the Amended SHA, VP AP Real Estate and Trend Able have unanimously agreed that the business of Clear Miles be changed to investing indirectly in the Property.

Pursuant to the Amended SHA, the board of directors of Clear Miles comprises four directors. Each of VP AP Real Estate and Trend Able is entitled to designate, remove, replace and reappoint two directors. The chairman of the board of directors of Clear Miles is appointed by VP AP Real Estate. A resolution of the board of directors of Clear Miles can only be passed with approval of the majority of the attending directors including at least one director appointed by VP AP Real Estate. Any decisions on change of business of Clear Miles, additional funding obligation of the shareholders and termination are subject to unanimous consent of both shareholders.

Any transfer of shares in Clear Miles by a shareholder (other than to its subsidiaries or affiliates) is subject to prior written consent of the other shareholder. The other party has a first right of refusal to purchase such shares in Clear Miles, or to require the proposed third party purchaser to purchase its shares on the same terms.

INFORMATION ON THE TRUST AND THE PROPERTY TRUST

The Trust is a trust established in Australia with a primary objective of carrying out the acquisition of a 50% interest in the Property indirectly through the Property Trust. With the injection of shareholder loans by each of VP AP Real Estate and Trend Able, Clear Miles will invest a total of AUD110 million (equivalent to approximately HK\$612 million) through the subscription of 110,000,000 units in the Trust, representing 50% of the total number of units of the Trust. It is expected that completion of the subscription of units will take place on 31 March 2022 subject to the approval of the Australian Foreign Investment Review Board ("**FIRB Approval**") being obtained. The Trust will subscribe for two units in the Property Trust at an issue price of AUD1.00 per unit, representing 100% of the total numbers of units of the Property Trust. The Trust will in turn indirectly (through the Property Trust) purchase a 50% interest in the Property such that upon completion of the acquisition of the 50% interest in the Property, the Property Trust will hold the

Property as tenants in common with DWPL Nominees Pty Limited, a company incorporated under the laws of Australia with limited liability and an open-ended fund under the management of the Dexus group of companies. Dexus (ASX: DXS) is an Australian listed real estate investment trust.

The other investors of the 50% of the units in the Trust (who together have similar subscription obligations as Clear Miles) are Ashe Morgan Investments Pty Limited and AM Kent Street Equity Trust. The trustee of each of AM Kent Street Equity Trust, the Trust and the Property Trust are AM Kent Street Equity Pty Ltd, AM Kent Street Investor Pty Ltd and AM Kent Street Property Pty Ltd respectively, and the manager of the Trust and the Property Trust is AM Kent Street Investment Manager Pty Ltd. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, AM Kent Street Equity Pty Ltd, AM Kent Street Investor Pty Ltd, AM Kent Street Property Pty Ltd and AM Kent Street Investment Manager Pty Ltd are ultimately beneficially owned or controlled by Ashe Morgan Investments Pty Limited, a prominent Australian property asset manager and are all Independent Third Parties.

The seller of the 50% interest in the Property is Perpetual Trustee Company Limited (as custodian for the responsible entity of the Dexus Office Trust and Dexus Funds Management Limited as responsible entity for the Dexus Office Trust), which are also under the management of or controlled by the Dexus group. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the seller of the 50% interest in the Property, DWPL Nominees Pty Limited, Dexus and their respective ultimate beneficial owners is an Independent Third Party.

INFORMATION ON THE PROPERTY

The Property is located at 309-321 Kent Street, Sydney, New South Wales 2000, Australia. It is a tenanted-commercial building located in the central business district of Sydney, Australia with ground floor retail and 17 upper office floors with total area of approximately 47,702 square metre and had 94% occupancy rate as at 30 November 2021. Net rental income from the Property for the two years ended 30 June 2020 and 30 June 2021 were approximately AUD32 million (equivalent to approximately HK\$178 million) and AUD35 million (equivalent to approximately HK\$195 million) respectively. The market value of the 50% interest of the Property was valued at AUD405,000,000 (equivalent to approximately HK\$2,251,800,000) as at 1 December 2021 by an independent valuer.

The acquisition of the 50% interest in the Property by the Property Trust at a total consideration of AUD401,300,000 (equivalent to approximately HK\$2,231,228,000) is expected to proceed to completion on or before 30 April 2022 or 10 business days after the FIRB Approval is obtained, whichever is the later. A deposit of AUD20,065,000 (equivalent to approximately HK\$111,561,400) is payable in respect of the acquisition of the Property and is refundable if FIRB Approval is not obtained and the sale and purchase agreement is rescinded in accordance with its terms. Upon completion of the acquisition, the Property Trust will hold the Property as tenants in common with DWPL Nominees Pty Limited. Clear Miles will then have 25% attributable interest in the Property (with each of VP AP Real Estate and Trend Able having 12.5% attributable interest in the Property).

REASONS FOR AND BENEFITS OF THE PROVISION OF SHAREHOLDER LOAN TO CLEAR MILES

The Group is principally engaged in provision of investment management services to investment funds and managed accounts.

Since setting up Value Partners Asia Pacific Real Estate Limited Partnership in 2017 to engage in real estate private equity business, it has built a portfolio of investment property through co-investment with investors, to whom the Group also charges a fee for managing such investment.

The Property is a commercial building with high occupancy rate well-located at the central business district of Sydney, Australia's most populous city. The Directors consider that the indirect investment in the Property will allow the Group to continue to build the portfolio of its real estate private equity business. Further, the Directors believe that the indirect investment in the Property is in line with Group's business strategy to (i) scale up the amount of third party assets under management; (ii) grow the Group's fee-based income; and (iii) build up pipeline for the establishment of second real estate private equity.

In view of the above, the Board considers that the provision of shareholder loan by AP VP Real Estate to Clear Miles under the Contribution Agreement is in the ordinary course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the amount of shareholder loan to be provided by VP AP Real Estate to Clear Miles is more than 5% but less than 25%, the provision of shareholder loan by VP AP Real Estate in Clear Miles constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms have the following meanings:

“Amended SHA”	a shareholder agreement relating to Clear Miles dated 10 September 2018 between VP AP Real Estate, Trend Able and Clear Miles, as amended by a supplemental agreement dated 9 December 2021 between VP AP Real Estate, Trend Able and Clear Miles
“AUD”	Australian Dollars, the lawful currency of Australia
“Board”	the board of Directors
“Clear Miles”	Clear Miles Hong Kong Limited, a company incorporated in Hong Kong and a joint venture company owned as to 50% by VP AP Real Estate and 50% by Trend Able
“Company”	Value Partners Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Contribution Agreement”	an agreement dated 21 December 2021 entered into between VP AP Real Estate, Trend Able and Clear Miles in respect of the provision of shareholder loans by VP AP Real Estate and Trend Able to Clear Miles
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	third party independent of the Company and its connected persons (as defined under the Listing Rules)
“LCHI”	Liu Chong Hing Investment Limited, a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 194)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the property situated at 309-321 Kent Street, Sydney, New South Wales 2000, Australia
“Property Trust”	AM Kent Street Property Trust, a trust established in Australia
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trend Able”	Trend Able Investments Limited 進麗投資有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of LCHI
“Trust”	AM Kent Street Investor Trust, a trust established in Australia
“VP AP Real Estate”	Value Partners Asia Pacific Real Estate Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company’s real estate fund, Value Partners Asia Pacific Real Estate Limited Partnership
“%”	per cent

In this announcement, for the purpose of illustration only, amounts quoted in AUD have been converted into HK\$ at the rate AUD1.00 to HK\$5.56. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By order of the board of
Value Partners Group Limited
CHEUNG Kwong Chi, Aaron
Company Secretary

Hong Kong, 21 December 2021

As of the date of this Announcement, our Directors are Dato’ Seri Cheah Cheng Hye, Mr. So Chun Ki Louis, Ms. Hung Yeuk Yan Renee and Mr. Ho Man Kei Norman as Executive Directors and Dr. Chen Shih Ta Michael, Mr. Nobuo Oyama and Mr. Wong Poh Weng as Independent Non-executive Directors.