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## ANNOUNCEMENT

### DISCLOSEABLE AND CONNECTED TRANSACTION INVOLVING ISSUANCE OF NEW SHARES IN RELATION TO THE ACQUISITION OF A RESIDENTIAL SITE IN HONG KONG

#### **The Acquisition**

On 18 June 2010, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor (a connected person of the Company under the Listing Rules) and the Company (as guarantor to the Purchaser) entered into the SPA, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Site, free from encumbrances, at the Consideration of HK\$624,175,000.

The Consideration of HK\$624,175,000, which is equivalent to the preliminary independent valuation of the Site as at 4 June 2010 less the unpaid portion of the Land Premium of HK\$120,825,000, will be settled in the following manner:

- (a) HK\$28,425,000, being the initial cash deposit, shall be payable by the Purchaser to the Vendor within three business days after signing of the SPA; and
- (b) HK\$595,750,000, being the remaining balance of the Consideration, shall be satisfied by the allotment and issuance of 148,566,084 Consideration Shares at an issue price of HK\$4.01 per Share by the Company to the Vendor and/or its nominees upon Completion.

The Consideration Shares represent (i) approximately 7.34% of the existing issued share capital of the Company and (ii) approximately 6.84% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares.

Under the SPA, the unpaid portion of the Land Premium (i.e. HK\$120,825,000) which is payable upon finalization of the Proposed Lease Modification and the redevelopment costs of the Site incurred from the date of the SPA shall be borne by the Purchaser.

The Site, located at no. 1 Horizon Drive and nos. 44-50 Chung Hom Kok Road, Hong Kong is currently vacant with the existing buildings being demolished. Subject to completion of the Proposed Lease Modification and according to the current redevelopment plan of the Site, the Site will be redeveloped into a luxury residential development featuring six 3-storey houses over a 1-storey carports, with each house having its own lift, private garden with swimming pool and roof garden. Site area is approximately 2,964 sq.m. and the maximum GFA under the land lease is approximately 2,223 sq.m.. Based on an assumed efficiency ratio of 75%, the redeveloped property is expected to have a marketable GFA of around 3,000 sq.m..

### **Implications under the Listing Rules**

As certain applicable percentage ratios as defined under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Dr. Stanley Ho has 14.2% voting rights of the Vendor while Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho have indirect interest in the Vendor held through Ranillo (a company in which Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho in aggregate hold 60% interest with the remaining 40% interest held by their siblings, Ms. Josephine Ho and Mr. Lawrence Ho) which holds 71.5% voting rights of the Vendor. The remaining 14.3% voting rights of the Vendor are held by Madam Lucina Laam. Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho are Directors while Dr. Stanley Ho and Ms. Pansy Ho are substantial Shareholders. Therefore, the Vendor is a connected person of the Company under the Listing Rules and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As certain applicable percentage ratios as defined under Rule 14.07 of the Listing Rules exceed 5%, the Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

### **General**

The Directors (excluding the Abstained Directors, and excluding members of the Independent Board Committee whose view will be contained in the circular expected to be despatched by no later than 12 July 2010 to the Shareholders after taking into account the advice from the independent financial adviser) are of the view that the Acquisition is in the ordinary and usual course of business of the Company, on normal commercial terms and on terms that are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee has been formed to consider, and to advise the Independent Shareholders on, the Acquisition. An independent financial adviser will be appointed to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

A circular containing, among other things, further information on the Acquisition, the advice of the Independent Board Committee and the recommendations of the independent financial adviser regarding the terms of the SPA and the transactions contemplated thereunder, the property valuation report of the Site and a notice convening the EGM is expected to be despatched to the Shareholders by no later than 12 July 2010.

**Date of the SPA** 18 June 2010

**Parties**

Purchaser: Grace Wealth Development Limited (an indirect wholly-owned subsidiary of the Company)

Vendor: Hanika Realty Company Limited

Purchaser's Guarantor: The Company

Dr. Stanley Ho has 14.2% voting rights of the Vendor while Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho have indirect interest in the Vendor held through Ranillo (a company in which Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho in aggregate hold 60% interest with the remaining 40% interest held by their siblings, Ms. Josephine Ho and Mr. Lawrence Ho) which holds 71.5% voting rights of the Vendor. The remaining 14.3% voting rights of the Vendor are held by Madam Lucina Laam. Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho are Directors while Dr. Stanley Ho and Ms. Pansy Ho are substantial Shareholders. Therefore, the Vendor is a connected person of the Company under the Listing Rules.

The Purchaser (as purchaser), the Vendor (as vendor) and the Company (as guarantor to the Purchaser) entered into the SPA on 18 June 2010, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Site, free from encumbrances, at the Consideration of HK\$624,175,000.

As at the date of this announcement, 10% of the Land Premium, being HK\$13,425,000, has been paid by the Vendor to the Government and the remaining 90%, being HK\$120,825,000, is payable upon the finalization of the Proposed Lease Modification. Under the SPA, such unpaid portion of the Land Premium shall be borne by the Purchaser.

The Company has unconditionally and irrevocably guaranteed to the Vendor the due and punctual performance by the Purchaser of its obligations under the SPA.

**Consideration**

The Consideration of HK\$624,175,000 will be settled in the following manner:

- (a) HK\$28,425,000, being the initial cash deposit, shall be payable by the Purchaser to the Vendor within three business days after signing of the SPA; and
- (b) HK\$595,750,000, being the remaining balance of the Consideration, shall be satisfied by the allotment and issuance of the Consideration Shares by the Company to the Vendor and/or its nominees upon Completion.

The purchase price of the Site was determined after arm's length negotiations between the Purchaser and the Vendor based on normal commercial terms and taking into consideration (a) a preliminary independent valuation of the Site of HK\$745,000,000, inclusive of the Land Premium, as at 4 June 2010; (b) the development potential of the Site; and (c) the general market conditions of the property market in Hong Kong.

The Site was valued by an independent property valuer appointed by the Company and the preliminary valuation of the Site was arrived by reference to sales evidence as available on the market and on the basis that vacant possession of the property would be immediately available upon completion of a sale.

The unpaid portion of the Land Premium, which is payable to the Government upon finalization of the Proposed Lease Modification, shall be paid by the Purchaser to the Government when due.

In addition, the redevelopment costs (including those costs regarding planning, design, lease modification, plan submission and construction) incurred by the Vendor on the redevelopment of the Site from the date of the SPA shall be borne by the Purchaser. According to the current redevelopment plan, such redevelopment costs payable by the Vendor up to Completion are not expected to exceed HK\$12 million (excluding the unpaid portion of the Land Premium). It is not expected that, even after taking into account the payment of such redevelopment costs and the unpaid portion of the Land Premium by the Purchaser, the Acquisition will migrate from a discloseable transaction to a major transaction or a very substantial acquisition under Chapter 14 of the Listing Rules.

The cash portion of the Consideration, the unpaid portion of the Land Premium and the development costs to be borne by the Purchaser from the date of the SPA up to Completion will be financed by the Group's internal resources and/or existing banking facilities.

### **Consideration Shares**

On Completion, 148,566,084 Consideration Shares will be allotted and issued to the Vendor and/or its nominees at an issue price of HK\$4.01 per Share, which was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Purchaser and the Vendor.

The issue price of HK\$4.01 per Share is set with reference to the average closing price of the Shares for 20 consecutive trading days on an ex-dividend basis up to and including 2 trading days immediately before signing of the SPA. It represents:

- (a) a discount of approximately 4.5% to the closing price of HK\$4.20 per Share as quoted on the Stock Exchange on the day immediately before the date of the SPA;
- (b) a discount of approximately 2.4% to the average closing price of approximately HK\$4.11 per Share for the last 5 consecutive trading days up to and including the day immediately before the date of the SPA;
- (c) a discount of approximately 2.0% to the average closing price of approximately HK\$4.09 per Share for the last 10 consecutive trading days up to and including the day immediately before the date of the SPA;
- (d) at par to the average closing price of approximately HK\$4.01 per Share on an ex-dividend basis for the last 20 consecutive trading days up to and including the day immediately before the date of the SPA; and
- (e) at par to the average closing price of approximately HK\$4.01 per Share on an ex-dividend basis for the last 30 consecutive trading days up to and including the day immediately before the date of the SPA.

The Consideration Shares comprising 148,566,084 Shares represent (i) approximately 7.34% of the existing issued share capital of the Company and (ii) approximately 6.84% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares.

The Consideration Shares will rank, upon allotment and issuance, *pari passu* in all respects with the Shares in issue from the date of allotment and issuance of the Consideration Shares.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange. The Consideration Shares will be allotted and issued under a special mandate to be approved by the Independent Shareholders at the EGM.

### **Conditions precedent**

Completion of the SPA is conditional upon the following conditions precedent having been fulfilled:

- (a) the board of Directors of the Company approving the SPA and the transactions contemplated thereunder;
- (b) the Independent Shareholders passing at the EGM of ordinary resolution(s) approving the SPA and the transactions contemplated thereunder;
- (c) the approval of the SPA and the transactions contemplated thereunder by the shareholders of the Vendor at an extraordinary general meeting of the Vendor;
- (d) the Proposed Lease Modification having been granted by the Government;
- (e) the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange;
- (f) the discharge by the Vendor of all debts secured by the existing mortgage over the Site before Completion;
- (g) the Vendor obtaining (1) a revised clause in the lease modification letter in relation to the Proposed Lease Modification to be issued which acknowledges the SPA and the transactions contemplated thereunder as an exception to the requirement of deposit of an approved car park layout plan prior to entering into any transaction; or (2) a waiver, or any other document(s) to that effect, in writing issued by the Government waiving the requirement for the deposit of an approved car park layout plan with the Government prior to entering into the SPA; and
- (h) the satisfaction of all regulatory requirements in Hong Kong.

As at the date of this announcement, condition (a) above has been fulfilled. In the event that any of the conditions precedent of the SPA is not fulfilled on or before 31 December 2010 (or such other date as may be mutually agreed by the parties to the SPA), the SPA will lapse and the Acquisition will not proceed to Completion. All moneys paid by the Purchaser pursuant the SPA shall, after due settlement of any antecedent breaches of the provisions of the SPA, be refunded by the Vendor to the Purchaser.

## Other Major Terms

- (a) After signing of the SPA, the Purchaser is allowed to participate in the negotiation with the Government on the Proposed Lease Modification and any subsequent changes to the proposed terms of the Proposed Lease Modification subsisting at the date of the SPA shall be subject to the prior consent of the Purchaser.
- (b) After signing of the SPA and up to Completion, the amount secured under the existing mortgage over the Site shall not exceed HK\$300,000,000 and the Vendor shall not create any further mortgage, charge, tenancy or licence over or dispose of the Site.

## Completion

Completion of the SPA will take place within five business days after the date of fulfillment of all the conditions precedent of the SPA, or such other date as may be mutually agreed between the parties to the SPA.

## Effects on Shareholding Structure of the Company

The shareholding structure of the Company as at the date of this announcement and immediately after Completion, assuming there are no other changes to the existing shareholding structure, are:

Shareholders	Note	As at the date of this announcement		Immediately after Completion	
		No. of Shares	Approx. %	No. of Shares	Approx. %
Dr. Stanley Ho	(i)	289,957,750	14.33%	289,957,750	13.35%
Shun Tak Shipping Company, Limited and its subsidiaries	(ii)	308,057,215	15.22%	308,057,215	14.18%
Ms. Pansy Ho	(iii)	239,019,265	11.81%	239,019,265	11.00%
Ms. Daisy Ho	(iv)	143,468,518	7.09%	143,468,518	6.60%
Ms. Maisy Ho	(v)	34,747,353	1.72%	34,747,353	1.60%
Mrs. Louise Mok	(vi)	342,627	0.02%	342,627	0.02%
The Vendor and/or its nominees		-	0.00%	148,566,084	6.84%
<i>Other Shareholders:</i>		1,008,118,075	49.81%	1,008,118,075	46.41%
<b>Total</b>		<b>2,023,710,803</b>	<b>100.00%</b>	<b>2,172,276,887</b>	<b>100.00%</b>

### Notes:

- (i) Including Shares held by companies wholly-owned by Dr. Stanley Ho, being a Director and a substantial Shareholder.
- (ii) Shun Tak Shipping Company, Limited is a company owned as to over 30% by Dr. Stanley Ho.
- (iii) Including Shares held by companies wholly-owned by Ms. Pansy Ho, being a Director and a substantial Shareholder.
- (iv) Including Shares held by a company wholly-owned by Ms. Daisy Ho, being a Director.
- (v) Including Shares held by a company wholly-owned by Ms. Maisy Ho, being a Director.
- (vi) Mrs. Louise Mok is a Director and a sister of Dr. Stanley Ho.

## **Information on the Vendor, the Purchaser and the Site**

The Vendor is a company incorporated in Hong Kong, in which Ranillo, Dr. Stanley Ho and Madam Lucina Laam directly holds 71.5%, 14.2% and 14.3% voting rights respectively. Ranillo is a company incorporated in the British Virgin Islands and owned as to 20% by each of Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Ms. Josephine Ho and Mr. Lawrence Ho, being the children of Dr. Stanley Ho. As at the date of this announcement, the Vendor's principal business is holding and redeveloping the Site. The original purchase cost of the Site to the Vendor is approximately HK\$31.3 million.

The Purchaser is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, the Purchaser has no business operation other than its interest in the SPA.

The Site, located at no. 1 Horizon Drive and nos. 44-50 Chung Hom Kok Road, Hong Kong, is currently vacant with the existing buildings being demolished. Subject to completion of the Proposed Lease Modification and according to the current redevelopment plan of the Site, the Site will be redeveloped into a luxury residential development featuring six 3-storey houses over a 1-storey carports, with each house having its own lift, private garden with swimming pool and roof garden. Site area is approximately 2,964 sq.m. and the maximum GFA under the land lease is approximately 2,223 sq.m.. Based on an assumed efficiency ratio of 75%, the redeveloped property is expected to have a marketable GFA of around 3,000 sq.m..

According to the management accounts of the Vendor for the year ended 31 March 2010, both the pre- and post-tax net loss attributable to the Site for that year was approximately HK\$0.4 million. According to the audited financial statements of the Vendor for the year ended 31 March 2009, the pre- and post-tax net loss attributable to the Site for that year was approximately HK\$149.9 million and approximately HK\$116.8 million respectively (including a pre-tax decrease in fair value of the Site of approximately HK\$148.7 million).

## **Background to, and reasons for, the Acquisition**

The Company is an investment holding company and its subsidiaries are engaged in a number of business activities including transportation, hospitality, property development and investment.

The Site is located at one of the prime residential areas in Hong Kong. The Company believes that the Acquisition, which is in line with the Group's existing business, will provide an opportunity for the Group to enrich its landbank by adding a scarce and premium residential site to its portfolio and will well place the Company to benefit from the positive outlook of the Hong Kong luxury residential market. As a result, the Site, after completion of the redevelopment, is expected to contribute attractive return to the Group.

By settling more than 95% of the Consideration (HK\$595,750,000 out of HK\$624,175,000) by issuance of Consideration Shares, the Group's cash resources will be conserved for other investment opportunities that may arise in the future.

## **Implications under the Listing Rules**

As certain applicable percentage ratios as defined under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Vendor is beneficially owned by Dr. Stanley Ho and his family members. The Acquisition therefore also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As certain applicable percentage ratios as defined under Rule 14.07 of the Listing Rules exceed 5%, the Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

## **General**

The Directors (excluding the Abstained Directors, and excluding members of the Independent Board Committee whose view will be contained in the circular expected to be despatched by no later than 12 July 2010 to the Shareholders after taking into account the advice from the independent financial adviser) are of the view that the Acquisition is in the ordinary and usual course of business of the Company, on normal commercial terms and on terms that are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee has been formed to consider, and to advise the Independent Shareholders on, the Acquisition. An independent financial adviser will be appointed to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

A circular containing, among other things, further information on the Acquisition, the advice of the Independent Board Committee and the recommendations of the independent financial adviser regarding the terms of the SPA and the transactions contemplated thereunder, the property valuation report of the Site and a notice convening the EGM is expected to be despatched to the Shareholders by no later than 12 July 2010.

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

## **Definitions**

“Abstained Directors”	Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho have not given any opinion and had abstained from voting as Directors on the Acquisition in view of their interests in the Vendor as disclosed in this announcement. Mrs. Louise Mok has also not given any opinion and had abstained from voting as Director on the Acquisition in view of her sister-brother relationship with Dr. Stanley Ho
“Acquisition”	acquisition of the Site by the Purchaser from the Vendor pursuant to the terms and conditions of the SPA
“Company”	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 242)
“Completion”	completion of the SPA
“Consideration”	HK\$624,175,000, to be satisfied by payment of HK\$28,425,000 as the initial cash deposit (including reimbursement of 10% of the Land Premium, i.e. HK\$13,425,000, already paid by the Vendor) within 3 business days after signing of the SPA and the allotment and issuance



	of the Consideration Shares upon Completion
“Consideration Shares”	148,566,084 new Shares to be issued and allotted by the Company to the Vendor and/or its nominees as part of the Consideration for the Acquisition to be approved at the EGM
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for purpose of considering and, if thought fit, approving the Acquisition (including the allotment and issuance of the Consideration Shares) and the transactions contemplated thereunder by the Independent Shareholders
“GFA”	gross floor area
“Government”	the Government of Hong Kong
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the board of Directors comprising Sir Roger Lobo, Mr. Norman Ho and Mr. Charles Ho, being all the independent non-executive Directors, which has been established to advise the Independent Shareholders in respect of the Acquisition
“Independent Shareholders”	Shareholders (other than (i) the beneficial owners of the Vendor; (ii) Mrs. Louise Mok; and (iii) Shun Tak Shipping Company, Limited and its subsidiaries which are Shareholders) who are not required to abstain from voting at the EGM approving the Acquisition under the Listing Rules
“Land Premium”	the land premium of HK\$134,250,000 payable for the Proposed Lease Modification as offered by the Government and accepted by the Vendor prior to the date of the SPA, of which HK\$13,425,000 has been paid by the Vendor to the Government
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Lease Modification”	the application for modification of the land lease of the Site made to the Government by the Vendor to erect three-storey houses with, among other things, plant rooms, electrical and mechanical facilities, covered carports, and driveway underneath
“Purchaser”	Grace Wealth Development Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“Ranillo”	Ranillo Investments Limited, a company incorporated in the British Virgin Islands with limited liability and owned as to 20% by each of Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Ms. Josephine Ho and Mr. Lawrence Ho, children of Dr. Stanley Ho
“Shares”	shares of HK\$0.25 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Site”	a parcel of land located at no. 1 Horizon Drive and nos. 44-50 Chung Hom Kok Road, Hong Kong together with the messuages erections and buildings thereon
“SPA”	the conditional agreement for the Acquisition dated 18 June 2010 entered into between the Vendor (as vendor), the Purchaser (as purchaser) and the Company (as guarantor to the Purchaser)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Hanika Realty Company Limited, a company incorporated in Hong Kong with limited liability, in which Ranillo, Dr. Stanley Ho and Madam Lucina Laam directly holds 71.5%, 14.2% and 14.3% voting rights respectively
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq.m.”	square metre

By order of the Board  
**SHUN TAK HOLDINGS LIMITED**  
**Angela Tsang**  
*Company Secretary*

Hong Kong, 18 June 2010

*As at the date of this announcement, the executive Directors are Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Mr. David Shum and Mr. Michael Ng; the non-executive Directors are Dato’ Dr. Cheng Yu Tung and Mrs. Louise Mok; and the independent non-executive Directors are Sir Roger Lobo, Mr. Norman Ho and Mr. Charles Ho.*