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SHUN TAK HOLDINGS LIMITED

信德集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 242)

Website: <http://www.shuntakgroup.com>

ANNOUNCEMENT

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE DISPOSAL OF
THE GROUP'S INVESTMENT PROPERTIES AT STAR HOUSE**

On 18 April 2012, the Vendor, a wholly owned subsidiary of the Company, and the Purchaser, an independent third party, entered into the legally binding Provisional Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Property at a cash consideration of HK\$645 million.

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

THE PROVISIONAL AGREEMENT

Date 18 April 2012

Parties

Vendor: Garraton Investment Limited (a wholly owned subsidiary of the Company)

Purchaser: Wellwood Holdings Limited

The Vendor and the Purchaser entered into the Provisional Agreement on 18 April 2012, pursuant to which the Vendor agreed to sell, and the Vendor agreed to purchase, the Property at Consideration of HK\$645 million in cash.

The parties to the Provisional Agreement agreed to sign a formal agreement for the sale and purchase of the Property on or before 2 May 2012.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the date of the Provisional Agreement, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and the connected persons (as defined under the Listing Rules) of the Company.

The Property

The Property has been held by the Group for investment purpose for more than two decades. It comprises portion of shops at the basement (excluding Shop A) of, and Shop no. 5B and staircases nos. 11, 14, 15 and 16 on the ground floor of Star House, 3 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong. The gross floor area and the lettable floor area of the Property are approximately 28,449 sq.ft. and 22,916 sq.ft., respectively.

Consideration

The Consideration of HK\$645 million was agreed after commercial and arm's length negotiations between the Vendor and the Purchaser, after taking into account (a) an independent valuation of the Property of HK\$376 million as at 31 December 2011 which was conducted for the purpose of preparing the audited consolidated financial statements of the Group as at that date; (b) the rental income currently generated by the Property; (c) the property market conditions of Hong Kong; and (d) the profit and cash inflow expected to be generated by the Disposal.

The Consideration will be settled in the following manner:

- a) 5% of the Consideration, being HK\$32.25 million, is payable by the Purchaser to the Vendor upon signing of the Provisional Agreement;
- b) a further 5% of the Consideration, being HK\$32.25 million, is payable by the Purchaser to the Vendor on or before 2 May 2012; and
- c) the balance of the Consideration is payable by the Purchaser to the Vendor upon completion of the Disposal, on or before 17 August 2012.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Provisional Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

According to the draft audited accounts of the Vendor for the year ended 31 December 2011, the profits attributable to the Property are as follows:

	Year ended 31 December 2011 <i>HK\$ million</i>	Year ended 31 December 2010 <i>HK\$ million</i>
Net profit before taxation	59.9	76.1
Net profit after taxation	58.6	75.6

Note: There was no extraordinary item for each of the two years ended 31 December 2011; the above profit figures included fair value changes on the Property of HK\$52 million and HK\$73 million for the years 2011 and 2010 respectively.

As at 31 December 2011, the carrying value of the Property in the consolidated financial statements of the Company was HK\$376 million. Subject to verification by the Company's auditor, it is estimated that the Group will, after taking into account the transaction costs of the Disposal, recognise a profit of approximately HK\$262 million from the Disposal. If the Disposal has not been completed by 30 June 2012, the upcoming interim reporting date, the Property will be subject to another revaluation as required under Hong Kong Accounting Standard 40 "Investment Property". The estimated profit of approximately HK\$262 million may then be partly absorbed in the change in fair value of the Property in the first half of 2012 with the balance recorded as the profit on disposal in the second half of 2012.

BACKGROUND TO, AND REASONS FOR, THE DISPOSAL

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 Vendor is a company incorporated in Hong Kong and a wholly owned subsidiary of the Company. The principal activity of the Vendor is property investment and its principal asset is the Property.

The Purchaser is a company newly incorporated in Hong Kong for the purpose of acquiring the Property.

The Property has been a long-term investment of the Group for more than two decades. The Group has endeavored to improve the investment return from the Property by reviewing and optimizing the tenant mix from time to time. As a result of these efforts, the Group believes that the value of the Property has been maximized

and therefore, it is the right time to realize the long accumulated capital appreciation. The value of the Property realized will reinforce the Group's financial strength and enable it to explore other property investment opportunities with a larger margin of potential growth.

IMPLICATIONS UNDER THE LISTING RULES

As certain percentage ratios under rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to disclosure by way of an announcement.

DEFINITIONS

“Company”	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Consideration”	the consideration for the Disposal, being HK\$645 million
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property pursuant to the Provisional Agreement
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	comprises portion of shops at the basement (excluding Shop A) of, and Shop no. 5B and staircases nos. 11, 14, 15 and 16 on the ground floor of Star House, 3 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong
“Provisional Agreement”	the legally binding provisional agreement dated 18 April 2012 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“Purchaser”	Wellwood Holdings Limited, a company incorporated in Hong Kong
“Shares”	shares of HK\$0.25 each in the capital of the Company

“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Garraton Investment Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company
“sq. ft.”	square feet

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

Hong Kong, 18 April 2012

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