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信德集團



SHUN TAK HOLDINGS

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 ACQUISITION OF
A PROPERTY IN BEIJING**

On 17 April 2013, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor, an independent third party, entered into the SPA, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares and the Shareholder's Loan at a consideration of RMB1,290 million, subject to the Adjustments.

The underlying asset being acquired pursuant to the Acquisition is the Property, which is a building for office and hospitality uses currently under construction and located at 1 Xiang Heyuan Road, Dong Cheng District, Beijing, the PRC currently known as 當代節能大廈.

As one of the applicable percentage ratios under rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

THE SPA

Date 17 April 2013

Parties

Vendor: Modern Hotel Management Co., Ltd.

Purchaser: Sonic City Limited (a wholly-owned subsidiary of the Company)

The Vendor and the Purchaser entered into the SPA on 17 April 2013, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares and the Shareholder's Loan, free of encumbrance, at a consideration of RMB1,290 million, subject to the Adjustments.

On 17 April 2013, the Guarantors entered into deeds of guarantee respectively under which the Guarantors separately agreed to irrevocably and unconditionally guarantee to the Purchaser the due and punctual performance of the obligations, undertakings and liabilities of the Vendor under the SPA and other agreements in relation to the Acquisition.

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

Assets Being Acquired

The Project Company is a wholly-owned subsidiary of the Target Company. Upon completion of the Acquisition, both the Target Company and the Project Company will become indirect wholly-owned subsidiaries of the Company. The principal asset of the Target Company is and will, upon completion of the Acquisition, be the entire registered capital of the Project Company whereas the principal asset of the Project Company is and will, upon completion of the Acquisition, be the Property.

The Property is a building for office and hospitality uses currently under construction and located at 1 Xiang Heyuan Road, Dong Cheng District, Beijing, the PRC. The land occupation area of the Property is 5,832.56 sq.m.. Upon completion of the construction of the Property, the expected construction area of the Property will be approximately 55,484 sq.m., including aboveground and underground construction area of 38,712 sq.m. (excluding the mechanical floor on the 10th floor of the Property) and 16,772 sq.m. (including 3,672 sq.m. of underground civil air defense area) respectively. Out of the aboveground construction area, 21,390 sq.m. and 17,322 sq.m. are for office and hospitality use respectively. There will be approximately 128 underground car parking spaces at the Property. Construction of

the Property is expected to complete in 2014 in accordance with the Agreed Building Delivery Standard and to be handed over to the Purchaser in a bare shell status on the Handover Date. The Purchaser will then carry out the internal finishing of the Property.

Below is a summary of the key financial data of the Target Company at its entity level for the two years ended 31 December 2012 extracted from its unaudited management account provided by the Vendor:

	For the year ended 31 December 2012	For the year ended 31 December 2011
	<i>RMB million</i>	<i>RMB million</i>
Loss before and after taxation	(36.3)	(35.1)
Capital deficiency at end of year	(96.2)	(59.9)

Below is a summary of the key financial data of the Project Company at its entity level for the two years ended 31 December 2012 extracted from its financial statements provided by the Vendor:

	For the year ended 31 December 2012	For the year ended 31 December 2011
	Unaudited	Audited
	<i>RMB million</i>	<i>RMB million</i>
Loss before taxation	(21.7)	(80.5)
Loss after taxation	(21.7)	(59.0)
Net asset value at end of year	174.0	195.8

As informed by the Vendor, no consolidated financial statements of the Target Company and the Project Company have been prepared.

Consideration

The Consideration of RMB1,290 million, subject to Adjustments, was agreed after commercial and arm's length negotiations between the Vendor and the Purchaser, after taking into account (a) the location of the Property; (b) the average price of similar completed properties in the proximity to the Property; (c) the profit and cash inflow expected to be generated by the Property in the future; and (d) the commercial property market conditions in Beijing.

The Consideration shall be payable to the Vendor in US dollars at the prevailing exchange rate between US\$ and RMB on the fifth Business Day immediately preceding the applicable payment or adjustments in the following manner:

- a) the first instalment payment, which amounts to RMB300 million, is payable by the Purchaser to the Vendor within 2 Business Days after the date of the SPA;
- b) the second instalment payment, which amounts to RMB205 million, is payable by the Purchaser to the Vendor within 2 Business Days after the Completion Acceptance Date. It is expected that the Completion Acceptance Date will fall in the period from 28 February 2014 to 31 May 2014;
- c) the third instalment payment, which amounts to RMB479 million (subject to the Third Payment Adjustment), is payable by the Purchaser to the Vendor on the Handover Date. It is expected that the Handover Date will fall in the period from 30 April 2014 and 31 July 2014; and
- d) the fourth instalment payment, which amounts to RMB306 million (subject to the Fourth Payment Adjustment), is payable by the Purchaser to the Vendor on the Title Obtaining Date. It is expected that the Title Obtaining Date will be no later than 180 days after the Handover Date. Out of the fourth instalment payment of RMB306 million payable by the Purchaser, RMB100 million shall be deposited into an escrow account held by the Escrow Agent with the remaining adjusted fourth instalment payment to be paid to the Vendor.

Apart from the Third Payment Adjustment mentioned in paragraph c) above, an amount of not less than US\$23 million will be withheld by the Purchaser from the third instalment payment if the Dispute Under Arbitration has not been settled or payments in relation to the settlement thereof has not been paid in full as of the Base Date. The amount withheld by the Purchaser will be released by the Purchaser to the Vendor, after deducting all the fees and costs incurred by the Project Company for the settlement of the Dispute Under Arbitration after the Base Date. According to a legal opinion obtained by the Purchaser, the amount payable by the Project Company under the Dispute Under Arbitration is not expected to exceed US\$23 million.

The RMB100 million held in escrow mentioned in paragraph d) above shall be used to settle the claims and/or deductions, if any, brought by the Purchaser under the SPA and other agreements in relation to the Acquisition. The amount remains in the escrow account after settling the Purchaser's claims and/or deductions, if any, will be released to the Vendor twelve months after the Title Obtaining Date.

The Group will finance the Consideration by its internal resources and banking facilities.

Upon payment of the first instalment payment, the Purchaser will, as security for such payment, become the registered and legal owner of all the Sale Shares and will hold a portion of the Sale Shares in trust for the Vendor and deposit the Sale Shares with the Escrow Agent until the Handover Date when the adjusted third instalment payment is paid by the Purchaser. The percentage of the Sale Shares to be held in trust by the Purchaser immediately after the first and second instalment payments will be 75% and 60% respectively, which is approximately in proportion to the amount of Consideration yet to be paid to the Vendor. For the avoidance of doubt, all the Sale Shares will be beneficially owned by the Purchaser and both the Shareholder's Loan and the New Shareholder's Loan will be assigned by the Vendor to the Purchaser on the Handover Date.

Adjustments to the Consideration

The Consideration is subject to Adjustments as described below:

Third Payment Adjustment

Third Payment Adjustment includes such items to be deducted from the third instalment payment (as mentioned in the section headed "Consideration" above) as (1) Net Liabilities of the Target Group on the Base Date, (2) Adjustment for Construction Area, (3) Third Party Construction Costs, (4) Tax Effect of Invoice Deficiency on Base Date and (5) Construction Delay Fee, where as

Net Liabilities of the Target Group on the Base Date means a positive number equal to the total liabilities of the Target Group (except for the Shareholder's Loan and the New Shareholder's Loan) less the cash balance of the Target Group as of the Base Date.

Adjustment for Construction Area means:

- (i) if the actual aboveground construction area is less than the Agreed Aboveground Construction Area by not less than 1%, the Consideration will be reduced by RMB29,118 per sq.m. of the shortfall; and
- (ii) if the actual underground construction area is less than the Agreed Underground Construction Area by not less than 1%, the Consideration will be reduced by RMB9,706 per sq.m. of the shortfall.

Third Party Construction Costs means the costs related to, in case the Property not meeting the Agreed Building Delivery Standard by 31 January 2015, the engagement of a third party contractor by the Purchaser to complete the outstanding work in order to develop the Property to meet the Agreed Building Delivery Standard.

Tax Effect of Invoice Deficiency on Base Date means additional land appreciation tax and corporate income tax that may be borne by the Project Company resulting from the situation where the aggregate amount of official tax invoices issued by such relevant parties as the contractor and service provider in relation to development of the Property is less than 95% of the total amount of development cost paid by the Project Company up to the Base Date.

Construction Delay Fee means the monthly fee of RMB8 million payable by the Vendor to the Purchaser if the Vendor fails to deliver the Property in the Agreed Building Delivery Standard by 31 July 2014.

The Third Payment Adjustment will be included in the Pre-Handover Adjustment Report, which will be prepared by the Vendor and reviewed by the Accountant.

Fourth Payment Adjustment

The Fourth Payment Adjustment includes the changes, if any, in the Net Liabilities of the Target Group, Third Party Construction Costs and the Tax Effect of Invoice Deficiency from the Base Date to the Handover Date based on the information obtained by the Purchaser as of the Title Obtaining Date. Such changes may be added to or deducted from the fourth instalment payment.

According to the SPA, the adjusted Consideration will not exceed RMB1,290 million.

Increase in Registered Capital of the Project Company

Under the SPA, the Purchaser has the right (not obligation) to require the Vendor to procure the Project Company to increase its registered capital and total investment to the relevant amounts designated by the Purchaser. If the Purchaser exercises such right, it shall provide the Loan for Capital Increase to the Vendor, who shall then advance the New Shareholder's Loan to the Target Company for the sole purpose of increasing the paid-in capital of the Project Company. The Vendor has undertaken that, after the amount of the New Shareholder's Loan has been injected into a designated bank account of Project Company for the purpose of increasing its paid-in capital, no amount shall be transferred out of such bank account without the Purchaser's prior written consent.

As mentioned in the section headed "Consideration", the New Shareholder's Loan will be assigned to the Purchaser on the Handover Date. Such assignment shall operate as repayment of the Loan for Capital Increase by the Vendor to the Purchaser.

TERMINATION OF THE SPA

The Purchaser may, without any liability on the Purchaser's part, terminate the SPA with immediate effect by serving a written notice to the Vendor if:

1. there has been violation, breach or inaccuracy of any representation, warranty or undertaking of the Vendor contained in the SPA which would have or is reasonably expected to have a material adverse effect on the Target Group and not cured by the Vendor;
2. the Purchaser chooses to terminate the SPA if the actual aboveground construction area of the Property is less than the Agreed Aboveground Construction Area by more than 5% and/or the actual underground construction area of the Property is less than the Agreed Underground Construction Area by more than 5%; or
3. any of the conditions of the SPA is not satisfied or waived by the Purchaser, which include but are not limited to that the Vendor shall procure the Property to meet the Agreed Building Delivery Standard and to obtain the building title certificate in respect of the Property.

Upon termination of the SPA, it shall have no further effect and no party shall, except for any antecedent breach of the terms of the SPA, have any claim against the other. The parties shall then take all necessary actions to reverse the Acquisition which include but are not limited to the refund by the Vendor to the Purchaser of the Consideration paid by the Purchaser and the repayment of Loan for Capital Increase and the transfer by the Purchaser to the Vendor of the Sale Shares held under the Purchaser's name.

The Directors (including the independent non-executive Directors) are of the view that the SPA is on normal commercial terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

BACKGROUND TO, AND REASONS AND BENEFITS FOR, THE ACQUISITION

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

The Purchaser is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. The principal business activity of the Purchaser is its interest in the SPA and the related agreements.

The Vendor is a company incorporated in the British Virgin Islands. According to the information provided by the Vendor, its principal business is investment holding.

Upon completion of the Acquisition, both the Target Company and the Project Company will become indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated into the Group's financial statements.

The Company is of the view that real estate performance in the PRC will continue to be driven by a strong internal demand. The Property is expected to strengthen the Group's recurring income stream upon rental stabilization. It also presents a promising opportunity for the Group to build up its asset base and enjoy value enhancement of the Property over years. The Acquisition ties in with the Company's strategy of expanding its presence in the PRC and increasing its property investment portfolio.

IMPLICATIONS UNDER THE LISTING RULES

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

DEFINITIONS

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

“Accountant”	PricewaterhouseCoopers, the firm of accountants to be appointed by the Purchaser to review the Pre-Handover Adjustment Report
“Acquisition”	the acquisition of the Target Group pursuant to the SPA
“Adjustments”	adjustments to adjust the Consideration pursuant to the SPA, being the Third Payment Adjustment and the Fourth Payment Adjustment
“Adjustments for Construction Area”	the adjustment to the third instalment payment as described in the section headed “Adjustments to the Consideration” in this announcement
“Agreed Aboveground Construction Area”	the aboveground construction area of 38,712 sq.m. (excluding the mechanical floor on the 10th floor of the Property) as agreed between the Vendor and the Purchaser
“Agreed Building Delivery Standard”	the building delivery standard with which the Property shall meet in all respects as of the Handover Date as agreed between the Vendor and the Purchaser

“Agreed Underground Construction Area”	the underground construction area of 16,772 sq.m. (including 3,672 sq.m. of underground civil air defense area) as agreed between the Vendor and the Purchaser
“Base Date”	(i) the last day of the same calendar month if the Completion Acceptance Date falls on or before the fifteenth day of that month; or (ii) the last day of the immediate subsequent calendar month if the Completion Acceptance Date falls after the fifteenth day of that month
“Business Day”	a day on which licensed banks in Hong Kong, Singapore and Beijing, the PRC are generally open for business (other than a Saturday or Sunday or public holiday in Hong Kong, Singapore or Beijing, the PRC)
“Company”	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Completion Acceptance Date”	the eleventh Business Day after the date on which the Purchaser has confirmed the receipt of a written notice from the Vendor confirming that the Beijing Municipal Commission of Housing and Urban-Rural Development has accepted the filing of the Beijing Building and Municipal Infrastructure Completion Acceptance Filing Form in respect of the Property on the basis of the design plan and drawings reflecting the Agreed Building Delivery Standard
“Consideration”	RMB1,290 million (subject to adjustments), being the aggregate of the Sale Shares Consideration and the Shareholder’s Loan Consideration
“Director(s)”	the director(s) of the Company
“Dispute Under Arbitration”	the claims, which are currently under the process of arbitration, brought by certain third parties against the Project Company on the alleged breach of contracts by the Project Company
“Escrow Agent”	a firm of solicitors jointly appointed by the Purchaser and the Vendor

“Fourth Payment Adjustment”	the adjustment to the fourth instalment payment as described in the section headed “Adjustments to the Consideration” in this announcement
“Guarantors”	Super Land and Mr. Zhang
“Group”	the Company and its subsidiaries
“Handover Date”	the eleventh Business Day after the Accountant has issued the Pre-Handover Adjustment Report
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan for Capital Increase”	an amount to be advanced by the Purchaser to the Vendor, who shall then on-lend such amount to the Target Company for the purpose of paying part of the amount due for increasing the paid-in capital of the Project Company, estimated to be approximately RMB36 million (or other amount as determined by the Purchaser)
“Mr. Zhang”	an individual of PRC nationality who (i) is one of the beneficiaries of the trust which held the entire issued share capital of Super Land as at the date of the SPA and (ii) has blood relation with the beneficiary of the trust which held the entire issued share capital of the Vendor as at the date of the SPA
“New Shareholder’s Loan”	an amount equal to the Loan for Capital Increase to be advanced by the Vendor to the Target Company for the purpose of increasing the paid-in capital of the Project Company
“PRC”	The People’s Republic of China
“Pre-Handover Adjustment Report”	the report to be prepared by the Vendor and reviewed by the Accountant which shall include, among other things, the Third Payment Adjustment as described under the section headed “Adjustments to the Consideration” of this announcement

“Project Company”	Beijing Wanguocheng Hotel Operation & Management Co., Ltd., a wholly foreign owned enterprise established in the PRC and the developer of the Property
“Property”	the building for office and hospitality uses which is under construction as at the date of the SPA (including the land use right of the site on which the building is situated) and located at 1 Xiang Heyuan Road, Dong Cheng District, Beijing, the PRC currently known as當代節能大廈
“Purchaser”	Sonic City Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SPA”	the sale and purchase agreement dated 17 April 2013 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Shares and the Shareholder’s Loan
“Sale Shares”	20 fully-paid ordinary shares with par value of US\$1.00 each in the capital of the Target Company, representing its entire issued and outstanding shares
“Sale Shares Consideration”	RMB997,378,063, being the purchase consideration payable by the Purchaser to the Vendor for the purchase of the Sale Shares
“Shareholder’s Loan”	the amount due by the Target Company to the Vendor at the Handover Date which is expected to be RMB292,621,937
“Shareholder’s Loan Consideration”	RMB292,621,937, being the purchase consideration payable by the Purchaser to the Vendor for the purchase of the Shareholder’s Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Land”	Super Land Holdings Limited, a company incorporated in the British Virgin Islands with limited liability

“Target Company”	Prosperity Hotel Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and the Project Company
“Third Payment Adjustment”	the adjustment to the third instalment payment as described in the section headed “Adjustments to the Consideration” in this announcement
“Title Obtaining Date”	the twenty first Business Day after the Purchaser is satisfied that, among other things, the Project Company has obtained the building title certificate in respect of the Property
“US\$”	US dollars, the lawful currency of the United States of America
“Vendor”	Modern Hotel Management Co., Ltd., a company incorporated in the British Virgin Islands with limited liability
“sq.m.”	square meter

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

Hong Kong, 17 April 2013

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. Rogier Verhoeven; 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, Mr. Charles Ho and Mr. Michael Ng.