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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 ACQUISITION OF
A HOTEL PROPERTY IN SHANGHAI, THE PRC**

On 9 April 2015, Host Wise, an indirect wholly-owned subsidiary of the Company, and the Vendor, an independent third party, entered into the Framework Agreement, pursuant to which the Vendor agreed to sell, and Host Wise agreed to purchase, the Property at a consideration of RMB700 million, subject to the Adjustments. The Framework Agreement will, upon fulfillment of certain conditions, subsequently be replaced by the SPA which contains substantially the same principal terms as those in the Framework Agreement.

The Property is located at the Shanghai MixC integrated commercial development project being developed by the Vendor. The Property is currently under planning and will be developed into an 8-storey hotel building with fit-out works in accordance with the Agreed Delivery Standard as stated in the Framework Agreement, and the Subsequent Changes (if any).

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

THE FRAMEWORK AGREEMENT

Date 9 April 2015

Parties

Vendor: 上海通益置業有限公司

Purchaser: Host Wise International Limited (an indirect wholly-owned subsidiary of the Company)

The Vendor and Host Wise entered into the Framework Agreement on 9 April 2015, pursuant to which the Vendor agreed to sell, and Host Wise agreed to purchase, the Property at a consideration of RMB700 million, subject to the Adjustments.

The Company has unconditionally and irrevocably guaranteed to the Vendor the due and punctual performance by Host Wise and the WOFE of their respective obligations in relation to the Acquisition. CR Land and Shengtong Metro Assets, the shareholders of the Vendor, each of which owns (whether directly or indirectly) 50% of the equity interests in the Vendor, have unconditionally and irrevocably guaranteed to the Purchasers the due and punctual performance by the Vendor of its obligations in relation to the Acquisition.

After the Vendor has obtained the Pre-sale Permit (預售許可證) in respect of the Property, the Company will proceed to establish the WOFE in the PRC for the purpose of the Acquisition. Upon the establishment of the WOFE, the Vendor and the WOFE will enter into the SPA, which will replace the Framework Agreement and the WOFE will thereafter become the purchaser of the Property. The principal terms of the SPA will be substantially the same as those of the Framework Agreement.

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

The Property

The Property is currently under planning and will be developed into an 8-storey hotel building at Shangahi MixC, an integrated commercial development project being developed by the Vendor and located in Hongqiao Town, Minhang District, Shanghai, the PRC (Lot number: Parcel 9/8 Block 905, Hongqiao Town, Minhang District). Upon completion of the development, the gross floor area of the Property is expected

to be approximately 29,000 sq.m.. Fitting-out of the Property will be performed by the Vendor in accordance with the Agreed Delivery Standard as stated in the Framework Agreement, and the Subsequent Changes (if any).

Consideration

The Consideration was agreed after commercial and arm's length negotiations between the Vendor and Host Wise, after taking into account (a) the location of the Property; (b) the Agreed Delivery Standard; (c) the profit and cash inflow expected to be generated by the Property in the future; and (d) the commercial property market conditions in Shanghai.

The Consideration shall be paid to the Vendor (or an entity outside of mainland China (the "**Offshore Entity**")), as the case may be) in the following manners:-

- (a) the first instalment payment, being RMB140 million (equivalent to approximately HK\$175 million), shall be paid to the Offshore Entity within 15 business days following the date of the Framework Agreement, of which RMB70 million (equivalent to approximately HK\$87.5 million) has been paid as at the date of this announcement;
- (b) the second instalment payment, being RMB35 million (equivalent to approximately HK\$43.75 million), shall be paid to the Offshore Entity within 15 business days following the Vendor has obtained the Construction Project Planning Permit (建設工程規劃許可證) in respect of the Property;
- (c) the third instalment payment (together with the first instalment payment and the second instalment payment, collectively the "**Offshore Payments**"), being RMB35 million (equivalent to approximately HK\$43.75 million), shall be paid to the Offshore Entity within 15 business days after the Vendor has obtained the Construction Engineering Commencement Permit (建築工程施工許可證) in respect of the Property;
- (d) the fourth instalment payment, which amounts to RMB140 million, shall be paid by the WOFE to the Vendor within 15 business days after the fulfillment of the following conditions (among others):
 - (i) the Vendor has obtained the Pre-sale Permit in respect of the Property;
 - (ii) the WOFE has been established under the laws of the PRC; and
 - (iii) the SPA has been executed by the Vendor and the WOFE.

The Vendor shall, within 15 business days after satisfaction of certain criteria, including but not limited to, its receipt of the fourth instalment payment, procure the Offshore Entity to return the Offshore Payments in full to Host Wise. And the WOFE shall, within 15 business days after Host Wise has received the Offshore Payments from the Offshore Entity, pay to the Vendor an amount equivalent to the sum of the Offshore Payments;

- (e) the fifth instalment payment, which amounts to RMB105 million, shall be paid to the Vendor within 15 business days following the issuance of the Completion and Inspection Report for Curtain Wall (幕牆完成驗收報告) in respect of the Property by the project management consultant appointed by the WOFE;
- (f) the sixth instalment payment, which amounts to RMB87.5 million, shall be paid to the Vendor within 15 business days following the physical handover of the Property to the WOFE;

If the Vendor fails to handover the Property in accordance with the Agreed Delivery Standard (and the Subsequent Changes (if any)) on or before the Handover Date, a daily delay fee of RMB200,000 shall be paid by the Vendor to the Purchaser as from the date immediately following the Handover Date till the date on which the physical handover of the Property takes place. If such delay is extended to beyond a grace period of 20 business days after the Handover Date, the Purchaser may, without any liability on its part, terminate the Acquisition and request for Termination Compensation from the Vendor;

- (g) the seventh instalment payment, which amounts to RMB87.5 million, shall be paid to the Vendor within 15 business days following the obtaining of the Strata Title Certificate (小產證) in respect of the Property by the WOFE;

The Framework Agreement sets out the timeline for obtaining of the Strata Title Certificate by the WOFE (“**Target Title Date**”). If, for any reason attributable to the Vendor, the Strata Title Certificate cannot be obtained on or before the Target Title Date, a daily delay fee of RMB200,000 shall be paid by the Vendor to the Purchaser as from the date immediately following the Target Title Date till the date on which the Strata Title Certificate in respect of the Property is finally granted to the WOFE. If such delay is extended to beyond a grace period of 20 business days after the Target Title Date, the Purchaser may, without any liability on its part, terminate the Acquisition and request for the Termination Compensation from the Vendor;

- (h) the eighth instalment payment, being an amount of 95% of the Final Consideration minus all payments which have been paid to the Vendor in accordance with the SPA, shall be paid to the Vendor within 15 business days following (i) the obtaining of all necessary hotel operating licenses required pursuant to the then applicable laws in the PRC to operate the Hotels in the Property; and (ii) the Vendor has completed the construction of all of the office buildings in the Shanghai MixC, and the shopping mall currently being developed by the Vendor in the Shanghai MixC has opened for business;

The SPA, shall contain provisions which require the Vendor to use all reasonable endeavors to assist the Purchaser for obtaining of all necessary hotel operating licenses for the operation of the Hotels. If the hotel operating licenses which are mandatorily required for operation of the Hotels cannot be obtained by the WOFE due to any reasons not attributable to the Purchaser, the Purchaser may, without any liability on its part, terminate the Acquisition. If the failure to obtain all necessary hotel operating licenses is for any reason attributable to the Vendor, without prejudice to the Purchaser's right to terminate the Acquisition, the Vendor shall also pay the Termination Compensation to the Purchaser; and

- (i) the remaining balance of 5% of the Final Consideration, shall be paid to the Vendor on the first anniversary of the opening of the first Hotel operated in the Property.

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

Adjustments to the Consideration

The Consideration is subject to the following Adjustments:-

- (A) *Floor Area Adjustment* means:-

If the Actual Area is less than the Agreed Area by more than 3.5%, the Floor Area Adjustment, as calculated according to the following formula, will be deducted from the Final Consideration:

$$RMB700 \text{ million} \times (\text{Agreed Area} \times (100\% - 3.5\%) - \text{Actual Area}) / \text{Agreed Area}$$

It is also agreed by the Vendor and the Purchaser that if the Actual Area of the Property is less than 27,550 sq.m., the Purchaser is, without any liability on its part, entitled but not obliged to terminate the Acquisition and request for the Termination Compensation from the Vendor.

(B) *Construction Cost Adjustment* means:

Any increase or decrease in the construction cost of the Property resulted from the change of the Agreed Delivery Standard as stated in the Framework Agreement as requested by the Purchaser and mutually agreed by the Purchaser and the Vendor in writing.

(C) *Fit-out Cost Adjustment* means:

Any increase or decrease in the fit-out cost of the Property resulted from the change of the Agreed Delivery Standard as stated in the Framework Agreement as requested by the Purchaser and mutually agreed by the Purchaser and the Vendor in writing.

It is anticipated that the consideration ratio as defined in rule 14.07 of the Listing Rules calculated with the Final Consideration will be higher than 5% but below 25%. Should the consideration ratio calculated with the Final Consideration after the Adjustments be equal to or greater than 25%, the Company will comply with the relevant Listing Rules.

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

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 property development, investment and management, hospitality, transportation and investment.

Host Wise is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. The principal business activity of Host Wise is investment holding.

The Vendor is a company incorporated in the PRC and owned as to 50% by each of CR Land and Shengtong Metro Assets. The principal business of the Vendor is property development and it is the developer of Shanghai MixC.

Shanghai MixC is strategically located in Minhang District at the southwest of Puxi spanning a total gross floor area of approximately 530,000 sq.m.. The integrated complex will contain a high-end shopping mall with a gross floor area of approximately 240,000 sq.m., 11 office buildings and headquarters, a Metro Museum and a sky garden in addition to the Hotels. It enjoys seamless connection with the Ziteng Road Station of Metro Line 10, and is within walking distance from Xingzhong Road Station of Metro Line 9. Shanghai Hongqiao International Airport is merely 4 kilometers away, accessible within a 10 minutes' drive.

The Hotels will be operated by the Group's hotel management subsidiary, Artyzen Hospitality Group ("AHGL"), to extend two hotel product offerings totaling 478 rooms. AHGL is created to capitalize on the explosive growth of travel and tourism in the Asia region in particular Greater China.

IMPLICATIONS UNDER THE LISTING RULES

As the consideration ratio under rule 14.07 of the Listing Rules calculated with the anticipated Final Consideration 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

"Acquisition"	the acquisition of the Property pursuant to the Framework Agreement and the SPA
"Actual Area"	the actual gross floor area of the Property upon completion of its development
"Adjustments"	adjustments to adjust the Consideration pursuant to the Framework Agreement and the SPA, being the Floor Area Adjustment, the Construction Cost Adjustment and the Fit-out Cost Adjustment
"Agreed Area"	the gross floor area of the Property of 29,000 sq.m. as agreed between the Vendor and the Purchaser
"Agreed Delivery Standard"	the building and fit-out delivery standard as agreed between the Vendor and the Purchaser with which the Property shall meet in all respects as of the Handover Date

“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)
“Consideration”	the consideration of RMB700 million (subject to the Adjustments) payable by the Purchaser for the Acquisition
“Construction Cost Adjustment”	the adjustment to the Consideration as described in the section headed “Adjustments to the Consideration” in this announcement
“CR Land”	China Resources Land Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1109)
“Director(s)”	the director(s) of the Company
“Final Consideration”	the final consideration of the Acquisition after taking into account the Adjustments (if any)
“Fit-out Cost Adjustment”	the adjustment to the Consideration as described in the section headed “Adjustments to the Consideration” in this announcement
“Floor Area Adjustment”	the adjustment to the Consideration as described in the section headed “Adjustments to the Consideration” in this announcement
“Framework Agreement”	the agreement dated 9 April 2015 entered into between the Vendor and Host Wise in relation to the sale and purchase of the Property
“Group”	the Company and its subsidiaries
“Handover Date”	on or before 31 August 2017, subject to the delay caused by the Subsequent Changes (if any)
“Hotels”	the two hotels to be operated by the Group’s hotel management subsidiary, Artyzen Hospitality Group, in the Property

“Host Wise”	Host Wise International Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	an 8-storey hotel building which is under planning and to be built in accordance with the Agreed Delivery Standard
“Purchaser(s)”	Host Wise and/or the WOFE (as the case may be)
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai MixC”	an integrated commercial development project located in Shanghai, the PRC and being developed by the Vendor as described in the section headed “BACKGROUND TO, AND REASONS FOR, THE ACQUISITION” in this announcement
“Shareholder(s)”	the shareholder(s) of the Company
“Shengtong Metro Assets”	上海申通地鐵資產經營管理有限公司, a company incorporated in the PRC with limited liability
“SPA”	the sale and purchase agreement to be entered into by the WOFE and the Vendor after the WOFE has been established in relation to the sale and purchase of the Property
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsequent Changes”	any changes to the construction and/or fit-out works of the Property subsequent to the date of the Framework Agreement requested by the Purchaser(s) and agreed by the Purchaser(s) and the Vendor
“Termination Compensation”	RMB70 million
“Vendor”	上海通益置業有限公司, a company established under the laws of the PRC

“WFOE”	a wholly foreign owned enterprise to be established by Host Wise under the laws of the PRC as the purchaser of the Property under the SPA
“sq.m.”	square meter
“%”	per cent

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

Hong Kong, 9 April 2015

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 and Mrs. Louise Mok; and the independent non-executive Directors are Sir Roger Lobo, Mr. Norman Ho, Mr. Charles Ho and Mr. Michael Ng.