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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
CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF THE SALE SHARES**

THE ACQUISITION

On 28 August 2018, the Buyer (an indirect wholly-owned subsidiary of the Company), the Company (as the guarantor of the Buyer) and the Vendor entered into the Agreement, under which, amongst others, the Buyer conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares for the Base Consideration of HK\$442 million (subject to the Post-Completion Adjustment) in accordance with the terms and conditions of the Agreement. The Sale Shares, being 100 A Shares, shall be entitled to the pro rata share of the profits or net assets of the Target Company attributable to or comprised in the A Fund, which mainly comprises the A Properties situated in Central, Hong Kong.

IMPLICATIONS UNDER THE LISTING RULES

The Vendor is a company wholly-owned by an associate of certain Directors and hence, a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition (calculated based on the maximum amount of the Total Consideration) is more than 0.1% but is less than 5%, the Acquisition will be subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE ACQUISITION

The Board is pleased to announce that on 28 August 2018, the Buyer (an indirect wholly-owned subsidiary of the Company), the Company (as the guarantor of the Buyer) and the Vendor entered into the Agreement, under which the Buyer conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares in accordance with the terms and conditions of the Agreement.

Details of the Agreement are set out below:

The Agreement

Date

28 August 2018

Parties

- (1) the Buyer, an indirect wholly-owned subsidiary of the Company;
- (2) the Company as guarantor of the Buyer; and
- (3) the Vendor.

Subject matter

The Buyer conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares (being 100 A Shares) in accordance with the terms and conditions of the Agreement. For details regarding the Sale Shares, please refer to the section headed “Information on the Target Company and the A Properties” below.

The Company agreed to unconditionally and irrevocably guarantee to the Vendor the performance of the Buyer of its obligations and liabilities under the Agreement.

Consideration

The total consideration for the Acquisition shall be of a base amount of HK\$442 million (the “**Base Consideration**”), subject to the Post-Completion Adjustment. The Total Consideration shall be payable by the Buyer to the Vendor as follows:

- (a) the Base Consideration after deducting the Vendor’s share of stamp duty relating to the transfer of the Sale Shares shall be payable by the Buyer to the Vendor on the date of Completion by depositing into a bank account nominated by the Vendor; and

- (b) such further payment or adjustment payment as set out in the paragraph headed “Post-Completion Adjustment” below shall be made by the Buyer to the Vendor or by the Vendor to the Buyer (as the case may be) within seven Business Days after the date of finalisation of the Completion Accounts.

Post-Completion Adjustment

Pursuant to the Agreement, as soon as practicable after Completion, an accounting firm shall be appointed to audit the Completion Accounts in accordance with procedures agreed between the Vendor and the Buyer for the purpose of computation of the Actual Net Asset Value.

If the Actual Net Asset Value is:

- (a) a positive sum which is greater than the Base Consideration, the Buyer shall pay to the Vendor an amount equal to the difference, subject to a maximum amount of HK\$4,000,000;
- (b) a positive sum which is less than the Base Consideration, the Vendor shall pay to the Buyer an amount equal to the difference; or
- (c) equal to the Base Consideration, no payment shall be due from the Vendor or the Buyer.

Basis of the Base Consideration

The Base Consideration for the Sale Shares was determined after arm’s length negotiations between the Buyer and the Vendor, and with reference to the appraised value of the Sale Shares of HK\$442 million as at 30 June 2018 by an independent professional valuer, which has taken into account a number of factors, including but not limited to the total net asset value attributable to the A Fund as at 30 June 2018, an independent valuation of the A Properties as of 30 June 2018 and the minority interest in the Target Company represented by the Sale Shares.

Conditions Precedent

Completion is conditional on the fulfilment of the following Conditions on or before the Long Stop Date:

- (a) the Vendor having obtained all necessary waivers and consents in writing from the other existing shareholders of the Target Company in accordance with the shareholders’ agreement entered into by the Target Company and its shareholders (the “**Shareholders’ Agreement**”) (including but not limited to the deed of adherence, the details of which are set out in the section headed “Completion” below);

- (b) the Vendor's warranties as set out in the Agreement remaining true and accurate and not misleading in any material respect if they were repeated at any time prior to Completion by reference to the facts and circumstances then existing; and
- (c) where necessary, approval having been obtained from the independent Shareholders at a general meeting for approving the Agreement and the transactions contemplated hereunder in accordance with the requirements under the Listing Rules.

Neither the Vendor nor the Buyer shall have the right to waive any of the conditions as set out in paragraphs (a) and (c) above. The Buyer may at its discretion waive the condition as set out in paragraph (b) above by notice in writing to the Vendor.

The above conditions are expected to be satisfied on or before the Long Stop Date. If any of the conditions has not been satisfied by then, the Agreement shall be terminated and no party shall have any claim against the other parties, except in respect of any antecedent breach of the Agreement.

Completion

Subject to the satisfaction of all conditions precedent, Completion shall take place on the seventh Business Day after the date on which the last of the conditions as set out in the section headed "Conditions Precedent" above is fulfilled or waived (as the case may be) or such other date as the Vendor and the Buyer shall agree in writing. Upon Completion, the Buyer, the Vendor, the Target Company and the existing shareholders of the Target Company shall enter into a deed of adherence to the Shareholders' Agreement in relation to the substitution of the rights and obligations of the Vendor under the Shareholders' Agreement with regard to the Sale Shares by the Buyer with effect from Completion.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been the leasing and property manager of the retail podium of Shun Tak Centre for around 30 years. In 2012, the Group has also acquired an unit on the 4th floor of the Shun Tak Centre (Podium) which is an integral part of the retail podium. It possesses a deep understanding of the optimal tenant mix for the retail portion at Shun Tak Centre. Taking into account the location and rental yield of the A Properties, the Company is of the view that it will be in a position to further create a synergistic effect and potential value enhancement of the A Properties after the Acquisition.

Taking into consideration the reasons for and benefits of the Acquisition to the Company, the Directors (including the independent non-executive Directors), but

excluding the interested Directors who have abstained from voting, are of the view that the terms of the Agreement and the transactions contemplated therein, including the basis of calculation of the Base Consideration which has been reached after arm's length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho were required to abstain from voting on the resolutions at the Board meeting for approving the Acquisition. Save as disclosed, no other Directors had any material interest in the Acquisition nor were required to abstain from voting on the resolutions at the Board meeting.

INFORMATION ON THE PARTIES AND THE TARGET COMPANY

Information on the Company and the Buyer

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 Buyer is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company. The Buyer is principally engaged in investment holding.

Information on the Vendor

The Vendor is a company incorporated under the laws of Hong Kong with limited liability. The Vendor is principally engaged in property investment and investment holding and it directly holds the Sale Shares as at the date of this announcement. The Vendor has become a shareholder of the Target Company since 1986 and the original subscription price of the Sale Shares paid by the Vendor was HK\$10,000.

Information on the Target Company and the A Properties

The Target Company is a company incorporated under the laws of Hong Kong with limited liability. As at the date of this announcement, the issued share capital of the Target Company comprises 1,000 A Shares, 450 B Shares and 550 C Shares.

According to the articles of association of the Target Company, the A Fund is appropriated exclusively to the holders of A Shares, the B fund of the Target Company is appropriated exclusively to the holder of B Shares and the C fund of the Target Company is appropriated exclusively to the holders of C Shares. Each of these funds is operated and maintained by the Target Company, separate and distinct from the other funds for which purpose separate records and books of account are maintained in respect of each fund.

The Sale Shares, being 100 A Shares, shall be entitled to the pro rata share of the profits or net assets of the Target Company attributable to or comprised in the A Fund. The A Fund comprises the properties and the assets of the Target Company representing or derived from or attributable to the A Properties, comprising certain retail shops, office units and car parking spaces at Shun Tak Centre in Central, Hong Kong. As of 30 June 2018, the retail component of A Properties were over 93% let to a mix of corporate and retail tenants, generating a stable source of rental income.

Financial information of the Target Company attributable to the A Fund

Based on the consolidated accounts of the A Fund:

	For the financial year ended 30 June 2018 (unaudited) (in HK\$' million)	For the financial year ended 30 June 2017 (audited) (in HK\$' million)
Net profit before taxation attributable to the A Fund	825.3 (<i>note 1</i>)	384.2 (<i>note 2</i>)
Net profit after taxation attributable to the A Fund	794.3 (<i>note 1</i>)	353.7 (<i>note 2</i>)

Note 1: the net profit figures have taken into account a revaluation surplus of approximately HK\$633.4 million during the year

Note 2: the net profit figures have taken into account a revaluation surplus of approximately HK\$198.0 million during the year

Based on unaudited consolidated management accounts of the A Fund as at 30 June 2018:

Total asset attributable to the A Fund:	Approximately HK\$6,061.2 million
Net asset value attributable to the A Fund:	Approximately HK\$5,734.0 million

IMPLICATIONS UNDER THE LISTING RULES

The Vendor is a company wholly-owned by Dr. Stanley Ho, being an associate of Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho, each a Director, and hence, a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition (calculated based on the maximum amount of the Total Consideration) is more than 0.1% but is less than 5%, the Acquisition will be subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“A Fund”	the properties and the assets of the Target Company representing or derived from or attributable to the A Properties
“A Properties”	being (i) certain units on the basement and the ground floor to the 4th floor and flat roofs on the 4th and 8th floors of Shun Tak Centre (Podium); (ii) 81 car parking spaces on the 5th and 6th floors, Shun Tak Centre; and (iii) the whole of 38th floor (except units nos. 3807-3811 on 38th floor) of West Tower and car park nos. 15-18 on the 6th floor together with their respective adjoining spaces, if any, Shun Tak Centre located at 168-200 Connaught Road Central, Hong Kong
“A Shares”	Class A shares in the capital of the Target Company
“Acquisition”	the acquisition of the Sale Shares by the Buyer from the Vendor pursuant to the terms and conditions of the Agreement
“Actual Net Asset Value”	the pro-rata share of the net asset value attributable to the Sale Shares as at the date of Completion calculated in accordance with the Agreement with reference to the Completion Accounts
“Agreement”	the sale and purchase agreement dated 28 August 2018 entered into between the Buyer, the Company and the Vendor in respect of the Acquisition
“B Shares”	Class B shares in the capital of the Target Company
“Base Consideration”	HK\$442 million
“Board”	the board of Directors

“Business Day(s)”	a day (other than a Saturday or Sunday or days on which a tropical cyclone warning Number 8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9 a.m. and 5 p.m.) on which Hong Kong clearing banks are open for the transaction of normal banking business
“Buyer”	Pleasant Grace Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“C Shares”	Class C shares in the capital of the Target Company
“Company”	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 242)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Accounts”	the consolidated statement of financial position of the A Fund as at the date of Completion prepared in accordance with the terms of the Agreement
“Director(s)”	director(s) of the Company
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2018, or such later date as mutually agreed by the parties to the Agreement in writing
“Post-Completion Adjustment”	adjustment to the Total Consideration with reference to the Actual Net Asset Value and the Base Consideration, details of which are set out in the section headed “Post-Completion Adjustment” in this announcement
“Sale Shares”	100 A Shares, representing 10.00% of the total issued A Shares as at the date of this announcement

“Share(s)”	shares(s) of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shun Tak Centre Limited, a company incorporated under the laws of Hong Kong with limited liability
“Total Consideration”	the Base Consideration, subject to the Post-Completion Adjustment
“Vendor”	Full Energy Company Limited, a company incorporated in Hong Kong with limited liability
“%”	per cent.

In this announcement, unless the context otherwise requires, the terms “applicable percentage ratio”, “associate(s)”, “connected person(s)”, “connected transaction(s)” and “subsidiary(ies)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

Certain amounts and percentage figures set out in this announcement have been subject to rounding adjustments.

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

Hong Kong, 28 August 2018

As at the date of this announcement, the executive Directors are Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Mr. David Shum and Mr. Rogier Verhoeven; and the independent non-executive Directors are Mr. Norman Ho, Mr. Charles Ho, Mr. Michael Wu and Mr. Kevin Yip.