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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

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
A CROSS BOUNDARY TRANSPORTATION
JOINT VENTURE COMPANY**

Financial Advisor to the Company

 **BOCI ASIA LIMITED**

A. INTRODUCTION

The Board is pleased to announce that on 6 March 2020 (after trading hours), the Company and CTII (through their respective subsidiaries) entered into the Agreements to implement the Proposed Restructuring for transforming the Target Company into a new transportation platform for the provision of cross boundary transportation services in the Greater Pearl River Delta Region (including the Greater Bay Area) by combining the respective existing ferry and coach businesses of the Company and CTII. Upon completion of the Proposed Restructuring, the Target Company will be held as to 50% by Interdragon (a non-wholly owned subsidiary of the Company) and 50% by Dalmore (a wholly-owned subsidiary of CTII), and CTTT and Jointmight Investments will be wholly-owned by the Target Company.

B. PROPOSED RESTRUCTURING

The Proposed Restructuring comprises (i) the Target Disposal, (ii) the CTTT Acquisition and (iii) the Jointmight Disposal, which completions are expected to take place simultaneously and the details of which are set out as follows:

B.1. TARGET DISPOSAL

On 6 March 2020 (after trading hours), Interdragon and Dalmore entered into the Target SPA, pursuant to which Interdragon conditionally agreed to sell, and Dalmore conditionally agreed to acquire, the Target Sale Shares (representing 21% of the issued share capital of the Target Company) at a cash consideration of HK\$437 million (subject to adjustment). As at the date of this announcement, the Target Company is owned as to 71% and 29% by Interdragon and Dalmore, respectively, and therefore the Target Company is an indirect non-wholly owned subsidiary of the Company. Upon completion of the Proposed Restructuring, the Target Company will be owned as to 50% by each of Interdragon and Dalmore, respectively, and therefore the Target Company will cease to be a subsidiary of the Company. Immediately prior to the completion of the Proposed Restructuring, the Target Company, together with its subsidiaries, is a major operator of high-speed passenger ferry services between Hong Kong, Macau and other destinations in the Greater Pearl River Delta Region.

B.2. CTTT ACQUISITION

On 6 March 2020 (after trading hours), the Target Company and CTII entered into the CTTT SPA, pursuant to which the Target Company conditionally agreed to acquire, and CTII conditionally agreed to sell, the CTTT Sale Share (representing the entire issued share capital of CTTT) and the CTTT Shareholder's Loan at a cash consideration of HK\$508 million (subject to adjustment). As at the date of this announcement, CTTT is a direct wholly-owned subsidiary of CTII. Upon completion of the Proposed Restructuring, CTTT will be wholly-owned by the Target Company. Immediately prior to the completion of the Proposed Restructuring, CTTT and its subsidiaries are principally engaged in the operation of cross border land transportation services and other ancillary businesses.

B.3. JOINTMIGHT DISPOSAL

On 6 March 2020 (after trading hours), the Target Company and STTI (a wholly-owned subsidiary of the Company) entered into the Jointmight SPA pursuant to which the Target Company conditionally agreed to acquire, and STTI conditionally agreed to sell, the Jointmight Sale Share (representing the entire issued share capital of Jointmight Investments) at a cash consideration of HK\$55 million (subject to adjustment). As at the date of this announcement, Jointmight Investments is wholly-owned by STTI and therefore Jointmight Investments is an indirect wholly-owned subsidiary of the Company. Upon completion of the Proposed Restructuring, Jointmight Investments will be wholly-owned by the Target Company and since the Target Company will cease to be a subsidiary of the Company, Jointmight Investments will also cease to be a subsidiary of the Company accordingly. Immediately prior to the completion of the Proposed Restructuring, Jointmight Investments, through its invested companies, is principally engaged in the provision of cross border coach bus services and travel agency service in Macau.

C. LISTING RULES IMPLICATIONS

Since the Proposed Restructuring comprises (i) the Target Disposal, (ii) the CTTT Acquisition and (iii) the Jointmight Disposal, pursuant to Rule 14.24 of the Listing Rules, the Proposed Restructuring is classified by reference to the larger of the acquisition or disposal, and subject to the reporting, disclosure and/or shareholders' approval requirements applicable to such classification. As the percentage ratios in respect of the Target Disposal as aggregated with the Jointmight Disposal exceed 25% but are all less than 75% whereas the percentage ratios in respect of the CTTT Acquisition are all below 25%, the Proposed Restructuring constitutes a major transaction and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Dalmore is a subsidiary of CTII, which is a substantial shareholder of the Target Company (being a subsidiary of the Company as at the date of this announcement), each of Dalmore and CTII is a connected person of the Company at the subsidiary level. As such, each of the Target Disposal and the CTTT Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, and, by virtue of Rule 14A.101 of the Listing Rules, the Target Disposal and the CTTT Acquisition are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules. The Directors (including the independent non-executive Directors) are of the view that the terms of the Proposed Restructuring and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval may be accepted in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Proposed Restructuring; and (b) a written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at general meetings to approve the Proposed Restructuring.

The Company has obtained the Written Approval from a closely allied group of Shareholders, who together held a total of 1,632,901,912 Shares (representing approximately 54.0% of the total number of shares in issue in the Company as at the date of this announcement).

Accordingly, no general meeting will be convened by the Company for the purpose of approving the Proposed Restructuring, which includes the Target Disposal, the CTTT Acquisition and the Jointmight Disposal pursuant to Rule 14.44 of the Listing Rules. A circular containing, among others, further details of the Proposed Restructuring will be despatched to the Shareholders in accordance with the Listing Rules for information purposes only. It is expected that the circular will be despatched to the Shareholders on or before 27 March 2020.

A. INTRODUCTION

The Board is pleased to announce that on 6 March 2020 (after trading hours), the Company and CTII (through their respective subsidiaries) entered into the Agreements to implement the Proposed Restructuring for transforming the Target Company into a new transportation platform for the provision of cross boundary transportation services in the Greater Pearl River Delta Region (including the Greater Bay Area) by combining the respective existing ferry and coach businesses of the Company and CTII.

B. PROPOSED RESTRUCTURING

The Proposed Restructuring comprises (i) the Target Disposal, (ii) the CTTT Acquisition and (iii) the Jointmight Disposal, which completions are expected to take place simultaneously and the details of which are set out as follows:

B.1. TARGET DISPOSAL

Target SPA

The principal terms of the Target SPA are set out below:

Date: 6 March 2020

Parties: (1) Interdragon (a non-wholly owned subsidiary of the Company) as seller; and

(2) Dalmore as buyer

Subject matter

Interdragon conditionally agreed to sell, and Dalmore conditionally agreed to acquire, the Target Sale Shares in accordance with the terms and subject to the conditions of the Target SPA. The Target Sale Shares represent 21% of the issued share capital of the Target Company held by Interdragon as at the date of this announcement.

As at the date of this announcement, the Target Company is owned as to 71% and 29% by Interdragon (a non-wholly owned subsidiary of the Company) and Dalmore, respectively, and therefore the Target Company is an indirect non-wholly owned subsidiary of the Company. As such, Dalmore is a substantial shareholder of the Target Company and a connected person of the Company at the subsidiary level. Upon completion of the Proposed Restructuring, the Target Company will be owned as to 50% by each of Interdragon and Dalmore, respectively, and therefore the Target Company will cease to be a subsidiary of the Company.

Consideration

The consideration payable by Dalmore for the Target Sale Shares at the Target Disposal Completion in cash is HK\$437 million, subject to a “dollar-for-dollar” adjustment based on the total unaudited consolidated net profit or net loss incurred by the Target Company for the Reference Period. Dalmore shall pay to Interdragon (in the case that a net profit is incurred by the Target Company) an amount equal to 21% of such net profit up to HK\$1 million in cash at the Target Disposal Completion, or Interdragon shall pay to Dalmore (in the case that a net loss is incurred by the Target Company) an amount equal to 21% of such net loss at the Target Disposal Completion.

The consideration was determined after arm's length negotiation and on normal commercial terms among the parties taking into account, among others, (a) the valuation of the Target Sale Shares prepared by an independent professional valuer as at 30 September 2019; (b) the historical financial performance of the Target Company and its subsidiaries; (c) the financial performance of the Target Company and its subsidiaries during the Reference Period; (d) the business nature, future business prospect, market position of the Target Company and economic outlook in general and the specific economic environment where the operation of the Target Company is located; and (e) the reasons for the Proposed Restructuring as described under the section headed "D. Reasons for and Benefits of the Proposed Restructuring".

Conditions precedent

The Target Disposal Completion is conditional on the satisfaction or waiver (as the case may be) of the following conditions, among others, on or before the earlier of 31 December 2020 or the expiry of nine months from (and including) the date of the Target SPA, or such other date as the parties to the Target SPA may agree in writing:

- (a) approval for the Proposed Restructuring and relevant transaction documents having been obtained from the Board and the Shareholders (where applicable) in accordance with the Listing Rules and all applicable laws;
- (b) approval for the Target SPA, the Jointmight SPA, the CTTT SPA, the Target Disposal, the Jointmight Disposal and the CTTT Acquisition having been obtained from the CTII Board and CTII Shareholders (where applicable) in accordance with the Listing Rules and all applicable laws;
- (c) all of the conditions precedent to the CTTT SPA having been satisfied or waived in accordance with the terms of the CTTT SPA (except for the condition requiring the Target SPA to become unconditional);
- (d) all of the conditions precedent to Jointmight SPA having been satisfied or waived in accordance with the terms of the Jointmight SPA (except for the condition requiring the Target SPA to become unconditional);
- (e) the Target Company and each of its subsidiaries having obtained all necessary consents (as defined in the Target SPA) which are required for the execution and performance of the Target SPA and the transactions contemplated thereunder and such consents not being revoked, withdrawn or modified prior to the Target Disposal Completion;

- (f) Interdragon having obtained all necessary consents (as defined in the Target SPA) which are required for the execution and performance of the Target SPA and the transactions contemplated thereunder and such consents not being revoked, withdrawn or modified prior to the Target Disposal Completion;
- (g) Dalmore having obtained all necessary consents (as defined in the Target SPA) which are required for the execution and performance of the Target SPA and the transactions contemplated thereunder and such consents not being revoked, withdrawn or modified prior to the Target Disposal Completion;
- (h) Interdragon's warranties remaining true and accurate and not misleading in all material respects as at the Target Disposal Completion by reference to the facts and circumstances then existing; and
- (i) Dalmore's warranties remaining true and accurate and not misleading in all material respects as at the Target Disposal Completion by reference to the facts and circumstances then existing.

B.2. CTTT ACQUISITION

CTTT SPA

The principal terms of the CTTT SPA are set out below:

Date: 6 March 2020

Parties: (1) the Target Company, as buyer; and
(2) CTII, as seller

Subject matter

The Target Company conditionally agreed to acquire, and CTII conditionally agreed to sell, the CTTT Sale Share (representing the entire issued share capital of CTTT) and the CTTT Shareholder's Loan in accordance with the terms and subject to the conditions of the CTTT SPA.

As at the date of this announcement, CTII, through Dalmore, holds as to 29% interest in the Target Company, and therefore is a substantial shareholder of the Target Company and a connected person of the Company at the subsidiary level. As at the date of this announcement, CTTT is a direct wholly-owned subsidiary of CTII. Upon completion of the Proposed Restructuring, CTTT will be wholly-owned by the Target Company.

Consideration

The consideration payable by the Target Company for the CTTT Sale Share and the CTTT Shareholder's Loan at the CTTT Acquisition Completion in cash is HK\$508 million, subject to a "dollar-for-dollar" adjustment based on the total unaudited consolidated net profit or net loss incurred by CTTT for the Reference Period. The Target Company shall pay to CTII (in the case that a net profit is incurred by CTTT) an amount equal to such net profit up to HK\$1 million in cash at the CTTT Acquisition Completion, or CTII shall pay to the Target Company (in the case that a net loss is incurred by CTTT) an amount equal to such net loss at the CTTT Acquisition Completion.

The consideration was determined after arm's length negotiation and on normal commercial terms among the parties taking into account, among others, (a) the valuation of the CTTT Sale Share prepared by an independent professional valuer as at 30 September 2019; (b) the historical financial performance of CTTT and its subsidiaries; (c) the financial performance of CTTT and its subsidiaries during the Reference Period; (d) the business nature, future business prospect, market position of CTTT and economic outlook in general and the specific economic environment where the operation of CTTT is located; and (e) the reasons for the Proposed Restructuring as described under the section headed "D. Reasons for and Benefits of the Proposed Restructuring". The Target Company expects to finance the CTTT Acquisition out of its internal resources.

Conditions precedent

The CTTT Acquisition Completion is conditional on the satisfaction or waiver (as the case may be) of the following conditions on or before the earlier of 31 December 2020 or the expiry of nine months from (and including) the date of the CTTT SPA, or such other date as the parties to the CTTT SPA may agree in writing:

- (a) approval for the Proposed Restructuring and relevant transaction documents having been obtained from the Board and the Shareholders (where applicable) in accordance with the Listing Rules and all applicable laws;
- (b) approval for the CTTT SPA, the CTTT Acquisition and transactions contemplated thereunder having been obtained from the CTII Board and CTII Shareholders (if necessary under or required by the Listing Rules);
- (c) all of the conditions precedent to the Target SPA having been satisfied or waived in accordance with the terms of the Target SPA (except for the condition requiring the CTTT SPA to become unconditional);

- (d) all of the conditions precedent to Jointmight SPA having been satisfied or waived in accordance with the terms of the Jointmight SPA (except for the condition requiring the CTTT SPA to become unconditional);
- (e) CTII having obtained all necessary consents (as defined in the CTTT SPA) which are required for the execution and performance of the CTTT SPA and the transactions contemplated thereunder and such consents not being revoked, withdrawn or modified prior to the CTTT Acquisition Completion;
- (f) the Target Company having obtained all necessary consents (as defined in the CTTT SPA) which are required for the execution and performance of the CTTT SPA and the transactions contemplated thereunder and such consents not being revoked, withdrawn or modified prior to the CTTT Acquisition Completion;
- (g) there is no breach of any CTII's warranties on or prior to CTTT Acquisition Completion; and
- (h) there is no breach of any the Target Company's warranties on or prior to CTTT Acquisition Completion.

B.3. JOINTMIGHT DISPOSAL

Jointmight SPA

The principal terms of the Jointmight SPA are set out below:

Date: 6 March 2020

Parties: (1) the Target Company, as buyer; and

(2) STTI, a wholly-owned subsidiary of the Company, as seller

Subject matter

The Target Company conditionally agreed to acquire, and STTI conditionally agreed to sell, the Jointmight Sale Share (representing the entire issued share capital of Jointmight Investments) in accordance with the terms and subject to the conditions of the Jointmight SPA. As at the date of this announcement, Jointmight Investments is wholly-owned by STTI and therefore Jointmight Investments is an indirect wholly-owned subsidiary of the Company. Upon completion of the Proposed Restructuring, Jointmight Investments will be wholly-owned by the Target Company and since the Target Company will cease to be a subsidiary of the Company, Jointmight Investments will also cease to be a subsidiary of the Company accordingly.

Consideration

The consideration payable by the Target Company for the Jointmight Sale Share at the Jointmight Disposal Completion in cash is HK\$55 million, subject to a “dollar-for-dollar” adjustment based on the total unaudited net profit or net loss incurred by Jointmight Investments for the Reference Period. The Target Company shall pay to STTI (in the case that a net profit is incurred by Jointmight Investments) an amount equal to such net profit up to HK\$1 million in cash at the Jointmight Disposal Completion, or STTI shall pay to the Target Company (in the case that a net loss is incurred by Jointmight Investments) an amount equal to such net loss at the Jointmight Disposal Completion.

The consideration was determined after arm’s length negotiation and on normal commercial terms among the parties taking into account, among others, (a) the valuation of the Jointmight Sale Share prepared by an independent professional valuer as at 30 September 2019; (b) the historical financial performance of Jointmight Investments; (c) the financial performance of Jointmight Investments during the Reference Period; (d) the business nature, future business prospect, market position of Jointmight Investments and economic outlook in general and the specific economic environment where the operation of Jointmight Investments is located; and (e) the reasons for the Proposed Restructuring as described under the section headed “D. Reasons for and Benefits of the Proposed Restructuring”. The Target Company expects to finance the Jointmight Disposal out of its internal resources.

Conditions precedent

The Jointmight Disposal Completion is conditional on the satisfaction or waiver (as the case may be) of the following conditions on or before the earlier of 31 December 2020 or the expiry of nine months from (and including) the date of the Jointmight SPA, or such other date as the parties to the Jointmight SPA may agree in writing:

- (a) approval for the Proposed Restructuring and the relevant documents having been obtained from the Board and the Shareholders (where applicable) in accordance with the Listing Rules and all applicable laws;
- (b) all of the conditions precedent to the Target SPA having been satisfied or waived in accordance with the terms of the Target SPA (except for the condition requiring the Jointmight SPA to become unconditional);
- (c) all of the conditions precedent to the CTTT SPA having been satisfied or waived in accordance with the terms of the CTTT SPA (except for the condition requiring the Jointmight SPA to become unconditional);

- (d) STTI having obtained all necessary consents (as defined in the Jointmight SPA), which are required for its execution and performance of the Jointmight SPA and the transactions contemplated thereunder and such consents not being revoked, withdrawn or modified prior to the Jointmight Disposal Completion;
- (e) the Target Company having obtained all necessary consents (as defined in the Jointmight SPA), which are required for its execution and performance of the Jointmight SPA and the transactions contemplated thereunder and such consents not being revoked, withdrawn or modified prior to the Jointmight Disposal Completion;
- (f) there being no breach of any the STTI's warranties on or prior to the Jointmight Disposal Completion; and
- (g) there being no breach of any Target Company's warranties on or prior to Jointmight Disposal Completion.

B.4. COMPLETION OF THE PROPOSED RESTRUCTURING

As the Target SPA, the CTTT SPA and the Jointmight SPA are inter-conditional, the Target Disposal Completion, the CTTT Acquisition Completion and the Jointmight Disposal Completion are expected to take place simultaneously on the Completion Date, unless otherwise agreed by the parties.

It is expected that a shareholders' agreement will be entered into on the Completion Date among the shareholders of the Target Company, the Target Company, the Company and CTII to govern in relation to, among other matters, the affairs, business and management of the Target Company (and its subsidiaries and associated companies), the relationship, the rights and obligations among the shareholders of the Target Company. Further, it is agreed that a management agreement will be entered into on the Completion Date between the Target Company and each of a subsidiary of the Company and CTII whereby the subsidiary of the Company and that of CTII will be engaged to manage the operation of the ferry business and the coach business of the Target Company respectively for a term of five years from the Completion Date.

C. INFORMATION ON THE TARGET COMPANY, CTTT AND JOINTMIGHT INVESTMENTS

Information on the Target Company

The Target Company is a company incorporated in the BVI with limited liability and, together with its subsidiaries, is a major operator of high-speed passenger ferry services between Hong Kong, Macau and other destinations in the Greater Pearl River Delta Region immediately prior to the completion of the Proposed Restructuring.

According to the unaudited financial information of the Target Company, the consolidated net asset value of the Target Company as at 30 September 2019 was HK\$1,762.33 million. The audited/unaudited consolidated net profits and losses (before and after taxation) of the Target Company for the two years ended 31 December 2018 and the nine months ended 30 September 2019 are set out below:

	For the nine months ended 30 September 2019 (unaudited) <i>HK\$' million</i>	For the year ended 31 December 2018 (audited) <i>HK\$' million</i>	For the year ended 31 December 2017 (audited) <i>HK\$' million</i>
Net profit/(loss) before tax	(45.78)	268.27	327.92
Net profit/(loss) after tax	(43.10)	241.56	291.16

Information on CTTT

CTTT is an investment holding company incorporated in the BVI with limited liability and, together with its subsidiaries, is principally engaged in the operation of cross border land transportation services and other ancillary businesses. The total initial investment cost of CTTT for CTII was HK\$8 plus shareholder's loan of approximately HK\$160 million.

According to the unaudited financial information of CTTT, the consolidated net asset value of CTTT as at 30 September 2019 was HK\$129.31 million. The unaudited consolidated net profits (before and after taxation) of CTTT for the two years ended 31 December 2018 and the nine months ended 30 September 2019 are set out below:

	For the nine months ended 30 September 2019 (unaudited) <i>HK\$' million</i>	For the year ended 31 December 2018 (unaudited) <i>HK\$' million</i>	For the year ended 31 December 2017 (unaudited) <i>HK\$' million</i>
Net profit before tax	26.72	58.33	59.39
Net profit after tax	22.67	52.41	55.39

Information on Jointmight Investments

Jointmight Investments is an investment holding company incorporated in the BVI with limited liability. Through its invested companies, Jointmight Investments is principally engaged in the provision of cross border coach bus services and travel agency service in Macau.

According to the unaudited financial information of Jointmight Investments, the net asset value of Jointmight Investments as at 30 September 2019 was HK\$77.89 million. The unaudited net profits and losses (before and after taxation) of Jointmight Investments for the two years ended 31 December 2018 and the nine months ended 30 September 2019 are set out below:

	For the nine months ended 30 September 2019 (unaudited) <i>HK\$' million</i>	For the year ended 31 December 2018 (unaudited) <i>HK\$' million</i>	For the year ended 31 December 2017 (unaudited) <i>HK\$' million</i>
Net profit/(loss) before tax	(0.23)	5.24	7.84
Net profit/(loss) after tax	(0.23)	5.24	7.84

Financial effects of the Proposed Restructuring

Upon completion of the Proposed Restructuring, each of the Target Company and Jointmight Investments will cease to be a subsidiary of the Company and their respective financial results will no longer be consolidated into the Group's financial statements. Subject to audit, the Group expects to record a gain attributable to the Group of approximately HK\$190 million arising from the Proposed Restructuring, which is calculated based on its proportionate share resulting from the consideration received (before adjustment) and fair value of retained interest less the carrying amount of net assets disposed and taking into account the corresponding share of the non-controlling interest.

The Directors intend to apply the net proceeds from the Proposed Restructuring (after deducting the relevant costs and expenses in connection with the Proposed Restructuring) towards general working capital.

D. REASONS FOR AND BENEFITS OF THE PROPOSED RESTRUCTURING

The Company and CTII wish to combine their respective existing ferry and coach businesses under the Target Company, to strengthen and widen its multi-modal transportation platform to facilitate the Target Company's unique position and further strengthen its competitiveness. It is expected that the Proposed Restructuring will create synergy and further enhance the Target Company's development for the provision of cross boundary transportation services to the Greater Pearl River Delta Region, realizing the strategic goals of the Outline Development Plan for the Guangdong-Hong Kong-Macau Greater Bay Area which was promulgated by the Central Government of the PRC in February 2019. The Outline Development Plan, a national strategy of the PRC, sets out the directions guiding the development of the Greater Bay Area and identifies Guangzhou, Hong Kong, Macau and Shenzhen as the core cities for driving regional development, in all four of which both the Target Company and CTTT are key transportation players. Further, with the improved transportation network within the Greater Bay Area that facilitates movements within the region and brings cities closer together, the Target Company can directly benefit from the growing opportunities brought by economic integration and social interaction within the Greater Bay Area and enhanced intra-regional cooperation supported by favourable government regulations.

By leveraging on the complementary advantages of and further deepening the cooperation among such cities, it is intended that the Greater Pearl River Delta Region, especially the Greater Bay Area, will develop into an international first-class bay area for travelling. The Company expects that significant improvements will be made to the transport network, overall capacity and competitiveness of the Greater Pearl River Delta Region's port cluster and ample opportunities brought by the development of the Greater Pearl River Delta Region will arise.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Proposed Restructuring and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors had any material interest in the Proposed Restructuring and/or the transactions contemplated thereunder nor was required to abstain from participating in the passing of the relevant resolutions.

E. LISTING RULES IMPLICATIONS

Since the Proposed Restructuring comprises (i) the Target Disposal, (ii) the CTTT Acquisition and (iii) the Jointmight Disposal, pursuant to Rule 14.24 of the Listing Rules, the Proposed Restructuring is classified by reference to the larger of the acquisition or disposal, and subject to the reporting, disclosure and/or shareholders' approval requirements applicable to such classification. As the percentage ratios in respect of the Target Disposal as aggregated with the Jointmight Disposal exceed 25% but are all less than 75% whereas the percentage ratios in respect of the CTTT Acquisition are all below 25%, the Proposed Restructuring constitutes a major transaction and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Dalmore is a subsidiary of CTII, which is a substantial shareholder of the Target Company (being a subsidiary of the Company as at the date of this announcement), each of Dalmore and CTII is a connected person of the Company at the subsidiary level. As such, each of the Target Disposal and the CTTT Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, and by virtue of Rule 14A.101 of the Listing Rules, the Target Disposal and the CTTT Acquisition are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules. The Directors (including the independent non-executive Directors) are of the view that the terms of the Proposed Restructuring and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval may be accepted in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Proposed Restructuring; and (b) a written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at general meetings to approve the Proposed Restructuring.

The Company has obtained the Written Approval from a closely allied group of Shareholders, set out in the following table, who together held a total of 1,632,901,912 Shares (representing approximately 54.0% of the total number of shares in issue in the Company as at the date of this announcement:

Name of Shareholder	Number of Shares held as at the date of this announcement	Approximate percentage of shareholding
Ms. Pansy Ho	534,664,564	17.7%
Oakmount Holdings Limited (“ Oakmount ”) ⁽¹⁾	396,522,735	13.1%
Shun Tak Shipping Company, Limited (“ ST Shipping ”) and its subsidiaries ⁽²⁾	373,578,668	12.4%
Ms. Daisy Ho	223,999,816	7.4%
Renita Investments Limited (“ Renita ”) ⁽¹⁾	104,136,129	3.4%
Total	<u>1,632,901,912</u>	<u>54.0%</u>

Notes:

- (1) *Oakmount is a company wholly-owned by Renita. Ms. Pansy Ho and Ms. Daisy Ho, both being Directors, are directors of Renita and Oakmount and they both have beneficial interests in Renita and Oakmount.*
- (2) *Ms. Pansy Ho and Ms. Daisy Ho are both directors of ST Shipping and they both have beneficial interests in ST Shipping and its subsidiaries.*

Accordingly, no general meeting will be convened by the Company for the purpose of approving the Proposed Restructuring (including the Target Disposal, the CTTT Acquisition and the Jointmight Disposal) pursuant to Rule 14.44 of the Listing Rules. A circular containing, among others, further details of the Proposed Restructuring will be despatched to the Shareholders in accordance with the Listing Rules for information purposes only. It is expected that the circular will be despatched to the Shareholders on or before 27 March 2020.

F. GENERAL INFORMATION ON THE PARTIES

The Company, Interdragon and STTI

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.

Interdragon is a company incorporated in the BVI with limited liability and is owned as to 60% by the Company. It is principally engaged in investment holding activities.

STTI is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in investment holding activities and provision of management services.

CTII and Dalmore

CTII is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 308). CTII and its subsidiaries are principally engaged in the operations of travel destinations (including hotels, theme parks, natural and cultural spots and leisure resorts), travel agency, travel documents and related operations, as well as passenger transportation operations.

Dalmore is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of CTII. It is principally engaged in investment holding activities. As CTII is a substantial shareholder of the Target Company and the Target Company is a subsidiary of the Company, each of Dalmore and CTII is a connected person of the Company at the subsidiary level.

DEFINITIONS

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

“Agreements”	the Target SPA, the CTTT SPA and the Jointmight SPA
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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 Date”	the fifth business day after the date on which all the conditions precedent to the Proposed Restructuring are satisfied or waived (as the case may be), or such other date as the relevant parties may agree

“CTII”	China Travel International Investment Hong Kong Limited (香港中旅國際投資有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 308)
“CTII Board”	the board of directors of CTII
“CTII Shareholder(s)”	holder(s) of share(s) in CTII
“CTTT”	China Travel Tours Transportation Development (HK) Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of CTII as at the date of this announcement
“CTTT Acquisition”	the proposed acquisition of the CTTT Sale Share and the CTTT Shareholder’s Loan by the Target Company from CTII pursuant to the CTTT SPA
“CTTT Acquisition Completion”	completion of the CTTT Acquisition in accordance with the terms and conditions of the CTTT SPA
“CTTT Sale Share”	one ordinary share of CTTT, representing the entire issued share capital of CTTT
“CTTT Shareholder’s Loan”	the shareholder’s loan due and owing to CTII by CTTT in the sum of HK\$159,988,500
“CTTT SPA”	the sale and purchase agreement dated 6 March 2020 entered into between CTII and the Target Company in relation to the CTTT Acquisition
“Dalmore”	Dalmore Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of CTII
“Director(s)”	the director(s), including independent non-executive director(s), of the Company

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interdragon”	Interdragon Limited, a company incorporated in the BVI with limited liability and is owned as to 60% by the Company
“Jointmight Disposal”	the proposed transaction of the Jointmight Sale Share pursuant to the Jointmight SPA, which involves disposal by STTI and acquisition by the Target Company
“Jointmight Disposal Completion”	completion of the Jointmight Disposal in accordance with the terms and conditions of the Jointmight SPA
“Jointmight Investments”	Jointmight Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Jointmight Sale Share”	one ordinary share of Jointmight Investments, representing the entire issued share capital of Jointmight Investments
“Jointmight SPA”	the sale and purchase agreement dated 6 March 2020 entered into between STTI and the Target Company in relation to the Jointmight Disposal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Proposed Restructuring”	collectively, the Target Disposal, the CTTT Acquisition and the Jointmight Disposal

“Reference Period”	the 4-month period from 1 October 2019 to 31 January 2020
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“STTI”	Shun Tak Tourism Investment Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Target Company”	Shun Tak – China Travel Shipping Investments Limited, a company incorporated in the BVI with limited liability which is held as to 71% and 29% by Interdragon and Dalmore, respectively, as at the date of this announcement
“Target Disposal”	the proposed disposal of the Target Sale Shares by Interdragon to Dalmore pursuant to the Target SPA
“Target Disposal Completion”	completion of the Target Disposal in accordance with the terms and conditions of the Target SPA
“Target Sale Shares”	2,100 ordinary shares of the Target Company, representing 21% of the issued share capital of the Target Company
“Target SPA”	the sale and purchase agreement dated 6 March 2020 entered into between Interdragon and Dalmore in relation to the Target Disposal
“Written Approval”	the written shareholders’ approval obtained by the Company in relation to the Proposed Restructuring pursuant to Rule 14.44 of the Listing Rules
“%”	percent

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

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

Hong Kong, 6 March 2020

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.