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## **SUN MAN TAI HOLDINGS COMPANY LIMITED**

**新萬泰控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 433)**

### **MAJOR TRANSACTION RELATING TO DISPOSAL OF INVESTMENT PROPERTY AND DELAY IN PUBLICATION OF THE FINAL AND INTERIM RESULTS OF THE GROUP FOR THE YEAR ENDED 31ST DECEMBER, 2004 AND PERIOD ENDED 30TH JUNE, 2005 RESPECTIVELY AND DESPATCH OF THE ANNUAL AND INTERIM REPORTS AND CHANGE OF COMPANY SECRETARY**

The Board announces that the Vendor, a wholly owned subsidiary of the Company, entered into the Agreement with the Purchaser on 18th December, 2004 whereby the Vendor disposed of the Investment Property for a total consideration of HK\$35,000,000. On 28th January, 2005, the Disposal was completed with the Consideration being paid and satisfied by the Purchaser to the Vendor and the Vendor as the beneficial owner assigned to the Purchaser the Investment Property with the benefit of the existing lettings and tenancies thereof. The Board confirms that the Consideration was derived at after arm's lengths negotiations and the Agreement was entered into up on normal commercial terms.

As the Consideration represents more than 25% but less than 75% under the applicable percentage ratios under Chapter 14 of the Listing Rules, the Disposal constitutes a major transaction for the Company under the Listing Rules and will be subject to the reporting and announcement requirements and approval of the Shareholders in general meeting. The Disposal will be required to be approved and ratified by Shareholders in general meeting.

With reference to information available and having made all reasonable enquiries, and to the best ability, knowledge and belief of the Directors, there is no Shareholder or their respective associates who has a material interest in the Disposal and therefore at the date of the Agreement and the date of this announcement, no Shareholder would be required to abstain from voting on the resolution in relation thereof.

A circular containing, among others, further details of the Disposal and notice of special general meeting will be despatched by the Company to the Shareholders as soon as practicable.

The Company has failed to make timely disclosure of the Disposal by way of press announcement in accordance with the Listing Rules, which should also have been subject to approval of the Shareholders. The Company admits that such delay in disclosure and shareholders' approval constitutes a breach of, inter alia, Rules 14.34 and 14.40 of Chapter 14 of the Listing Rules. The Stock Exchange reserves its right to take action against the Company and/or its Directors in relation thereto.

Reference is made to the Company's announcement published on 30th September, 2005.

The Board also announces that the announcement of the final and interim results of the Group for the year ended 31st December, 2004 and period ended 30th June, 2005 will be postponed until further notice and the annual and interim reports of the Company are expected to be despatched to the Shareholders within two weeks thereafter.

The Company admits that its delay in announcement of the audited final results of the Group and despatch of the annual report of the Company for the year ended 31st December, 2004 and the announcement of the interim results and despatch of the interim report for the period ended 30th June, 2005 constitute breaches of Rules 13.46(2)(a) and (b), 13.48(1), 13.49(1) and 13.49(6) of the Listing Rules. The Stock Exchange reserves its right to take action against the Company and/or its Directors in relation thereto.

The Board further announces that Mr. Lui Tin Nang resigned as the company secretary of the Company due to personal reasons and Mr. Lo Wah Wai ("Mr. Lo") was appointed as the company secretary of the Company, both with effect from 9th January, 2006.

Trading in the Company's shares has been suspended since 6th June, 2003 at the request of the Company under the situation as described in the clarification announcement of the Company dated 10th June, 2003. Pending the release of further announcement relating to the Company's latest position, trading in the Shares will continue to be suspended.

## **THE DISPOSAL**

The Company through the Vendor, a wholly owned subsidiary of the Company, owned the Investment Property. On 18th December, 2004, the Vendor and the Purchaser entered into the Agreement whereby the Vendor sold and the Purchaser purchased the Investment Property at a total consideration of HK\$35,000,000. The Board confirms that the Consideration was determined after arm's length negotiations and with reference to the prevailing market prices and the Agreement was entered into on normal commercial terms. A valuation report on the Investment Property as at 31st December, 2004 had been concluded on 25th April, 2005 by Malcolm & Associates, an independent third party valuer. The value placed on the Investment Property by Malcolm & Associates is HK\$40,000,000. The purpose of the valuation was for preparing the accounts of the Company for the period ended 31st December, 2004 and not specifically for the Disposal. A valuation report was not prepared before the Disposal as the Company had appointed an estate agency to obtain a buyer for the Investment Property on a willing buyer and willing seller basis. In November of 2004, a buyer was introduced to the Company by the estate agency who offered the price of HK\$35,000,000. As this was the highest price offered at the time and the failure by the Company to obtain other offers, the Company agreed to sell the Investment Property to that buyer. The book value of the Investment Property as stated in the latest audited financial statements of the Company for the year ended 31st December, 2003 is HK\$51,800,000. On 28th January, 2005, the Disposal was completed with the Consideration being paid in cash in three installments: HK\$1,750,000, HK\$1,750,000 and HK\$31,500,000 on 5th November, 2004, 18th December, 2004 and 28th January,

2005 respectively, satisfied by the Purchaser to the Vendor and the Vendor as the beneficial owner assigned to the Purchaser the Investment Property to hold the same unto the Purchaser with the benefit of the existing lettings and tenancies thereof. The Disposal will not materially affect the Company's operation and income stream as the Investment Property only comprises a small part of the assets of the Group. The Group is expected to make a loss of approximately HK\$16,800,000 on the Disposal. This was calculated on the basis of the sales proceeds minus the carrying value of that property. The original acquisition cost of the Investment Property is HK\$84,500,000 recorded on 15th September, 1998.

The Investment Property was mortgaged through Great Luck Property, as borrower, by the Vendor to a licensed bank in Hong Kong and whole of the Consideration was applied to discharge the Investment Property from the mortgage with an outstanding loan amount of HK\$50,496,427, which was secured by a number of properties including the Investment Property, on the completion of the Disposal. Great Luck Property shall continue to be liable for the balance of HK\$15,496,427, for which other properties of the Group are currently held under mortgage. The total carrying value of the remaining properties under mortgage as at 31st December, 2004 is approximately HK\$45,000,000.

The net revenue attributable to the Investment Property for the three financial years immediately preceding the Disposal were HK\$2,501,358, HK\$2,501,742 and HK\$2,794,704 for the years ended 31st December, 2002, 2003 and 2004 respectively.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Board believes that the Disposal was in the best interest of the Shareholders and the Company as a whole on the grounds that the gearing position of the Group would be improved as a result of the Disposal. The proceeds will be used to reduce the gearing of the Group.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the Consideration represents more than 25% but less than 75% under the applicable percentage ratios under Chapter 14 of the Listing Rules, the Disposal constitutes a major transaction for the Company under the Listing Rules and will be subject to the reporting and announcement requirements and the approval of the Shareholders in general meeting.

With reference to information available and having made all reasonable enquiries, and to the best ability, knowledge and belief of the Directors, there is no Shareholder or their respective associates who has a material interest in the Disposal and therefore at the date of the Agreement and the date of this announcement, no Shareholder would be required to abstain from voting on the resolution in relation thereof.

The Company has failed to make timely disclosure of the Disposal by way of press announcement in accordance with the Listing Rules, which should also be subject to approval of the Shareholders. The Company admits that such delay in disclosure and Shareholders' approval constitute the breach of, inter alia, Rules 14.34 and 14.40 of Chapter 14 of the Listing Rules. The Stock Exchange reserves its right to take action against the Company and/or the Directors in relation thereto.

## **DELAY IN PUBLICATION OF THE FINAL AND INTERIM RESULTS OF THE GROUP FOR THE YEAR ENDED 31ST DECEMBER, 2004 AND PERIOD ENDED 30TH JUNE, 2005 AND THE DESPATCH OF THE ANNUAL AND INTERIM REPORTS**

Reference is made to the Company's announcement published on 30th September, 2005.

The Board announces that the announcement of the audited final results of the Group for the year ended 31st December, 2004 and the unaudited results of the Group for the period ended 30th June, 2005 will be postponed until further notice and the annual and interim reports of the Company for the year ended 31st December, 2004 and period ended 30th June, 2005 are expected to be despatched to the Shareholders within two weeks thereafter. The reason for delay of the announcement of the final results is that the auditors of the Company cannot form an opinion on treatment of this major transaction until it has been ratified by Shareholders in general meeting. The reason for the delay in the announcement of the interim results is that the final results for 2004 have not yet been announced.

A circular containing, among others, further details of the Disposal and notice of special general meeting will be despatched by the Company to the Shareholders as soon as practicable.

The Company admits that its delay in announcement of the audited final results of the Group and despatch of the annual report of the Company for the year ended 31st December, 2004 and the announcement of the interim results and despatch of the interim report for the period ended 30th June, 2005 constitute breaches of Rules 13.46(2)(a) and (b), 13.48(1), 13.49(1) and 13.49(6) of the Listing Rules. The Stock Exchange reserves its right to take action against the Company and/or its Directors in relation thereto.

#### **CHANGE OF COMPANY SECRETARY**

The Board further announces that Mr. Lui Tin Nang (“Mr. Lui”) resigned as the company secretary of the Company due to personal reasons and Mr. Lo Wah Wai (“Mr. Lo”) was appointed as the company secretary of the Company, both with effect from 9th January, 2006.

Mr. Lo is a practicing certified public accountant in Hong Kong. Mr. Lo holds a bachelor’s degree in business administration from the Chinese University of Hong Kong and a master’s degree in science from New Jersey Institute of Technology, the United States. Mr. Lo also holds memberships in several professional associations, including the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

The Board hereby confirms that Mr. Lui has no disagreement with the Board and there is no matter in relation to Mr. Lui’s resignation as the company secretary of the Company that needs to be brought to the attention of the Stock Exchange or the Shareholders.

The Board wishes to take this opportunity to express its warm welcome to Mr. Lo on his appointment and to express its gratitude for Mr. Lui’s past valuable contribution to the Company during his term of services.

Trading in the Company’s shares has been suspended since 6th June, 2003 at the request of the Company under the situation as described in the clarification announcement of the Company dated 10th June, 2003. Pending the release of further announcement relating to the Company’s latest position, trading in the Shares will continue to be suspended.

#### **GENERAL**

A circular containing, among other things, details of the Disposal and a notice of SGM will be despatched to Shareholders as soon as practicable.

The Group carries on the business of property investments and securities trading.

So far as the Directors are aware, the Purchaser carries on the restaurant business.

## DEFINITIONS

Definitions used in this announcement:

“Agreement”	sale and purchase agreement entered into by the Vendor and the Purchaser on 18th December, 2004; whereby the Company would sell and the Purchaser would purchase the Investment Property at an aggregate consideration of HK\$35,000,000;
“Board”	the board of Directors;
“Company”	Sun Man Tai Holdings Company Limited, a company incorporated in Bermuda with limited liability, the issued share of which are listed on the Stock Exchange and its principal activities are investment holding and property investment;
“Consideration”	the sale price of the Investment Property in an aggregate value of HK\$35,000,000;
“Disposal”	the disposal of the Investment Property completed on 28th January, 2005;
“Directors”	the directors of the Company;
“Government”	the Government of Hong Kong;
“Government Lease”	a Government Lease of the Land expiring on 30th June, 2047;
“Great Luck Property”	Great Luck Property Limited (富順置業有限公司), a company registered in Hong Kong with limited liability, a wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Investment Property”	the Land and of and in the whole of the development erected or to be erected on the Land pursuant to the provisions of the Government Leases and known as at the date hereof “The Shops No. 1 and 2, Ground Floor, the Commercial Block of Wing Fai Centre (榮輝中心)”, Nos. 2-10 Luen Chit Street, Fanling, New Territories, Hong Kong together with the sole and exclusive right and privilege to hold use occupy and enjoy all commercial units or shops on the ground floor of the commercial block thereof;
“Land”	all those 738 equal undivided 13,474th parts or shares of and in all that piece or parcel of ground registered in the North New Territories Land Registry as FANLING SHEUNG SHUI TOWN LOT NO. 125;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchaser”	Eastern Group Trading Limited (東駿貿易有限公司), a company registered in Hong Kong with limited liability, and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, being an independent party of the Company and its beneficial owners are also third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company;

“PRC”	the People’s Republic of China;
“SGM”	the special general meeting of the Company to be held for ratifying the Agreement and the transaction contemplated thereunder;
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	the holder of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Vendor”	Talent Ocean Limited (太洋有限公司), a company registered in Hong Kong with limited liability, a wholly owned subsidiary of the Company, whose principal activity is real estate investment holding.

By Order of the Board  
**Chiu Yeung**  
*Executive Director*

Hong Kong, 9th January, 2006

*As at the date of this announcement, the executive Directors are Ms. Xu Zhe Cheng, Mr. Chiu Yeung and Mr. Ren Jun Tao; the non-executive Director is Mr. Qian Yong Wei; and the independent non-executive Directors are Mr. Mu Xiangming, Mr. Lo Wa Kei Roy and Mr. Cheng Chak Ho.*

\* *For identification purposes only*

“Please also refer to the published version of this announcement in The Standard”