

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 TRANSACTION
IN RELATION TO
ACQUISITION OF 50% EQUITY INTEREST
IN TWO PROJECT COMPANIES**

THE ACQUISITIONS

The Board is pleased to announce that on 4 December 2019, Shanghai Tongxin and Shanghai Suzuan (each an 80%-owned joint venture company of the Company) submitted the final bid prices of RMB2,228 million and RMB2,484.25 million for the public tenders of the Huahe Sale Interest and the Huayan Sale Interest respectively, following the receipt of the notifications from the China Beijing Equity Exchange that Shanghai Tongxin and Shanghai Suzuan were the only bidders for the public tenders of the Huahe Sale Interest and the Huayan Sale Interest respectively. In accordance with the terms of the Tenders, upon submitting the final bid prices and obtaining the CRL Waivers, Shanghai Tongxin and Shanghai Suzuan are required to enter into the Huahe Acquisition and the Huayan Acquisition respectively, pursuant to which (i) Shanghai Tongxin will acquire, and the Vendor will sell, the Huahe Sale Interest, representing the 50% equity interest in Shanghai Huahe and (ii) Shanghai Suzuan will acquire, and the Vendor will sell, the Huayan Sale Interest, representing the 50% equity interest in Shanghai Huayan, in each case, for a consideration equal to their respective final bid prices. As at the date of this announcement, each of Shanghai Huahe and Shanghai Huayan is owned as to 50% by the Vendor and 50% by CR Land, and they are principally engaged in the development of the Sites.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 25% but are all less than 100% when aggregating the Huahe Acquisition and the Huayan Acquisition, the Acquisitions, together, constitute a major transaction for the Company, and are therefore subject to the reporting, announcement, circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders has any material interest in the Acquisitions, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisitions.

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 Acquisitions pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among others, further details of the Acquisitions is expected to be despatched to the Shareholders in accordance with the Listing Rules for information purposes only. As additional time is required to prepare the financial information in the circular, it is expected that the circular will be despatched on or before 17 January 2020.

INTRODUCTION

The Board is pleased to announce that on 4 December 2019, Shanghai Tongxin and Shanghai Suzuan (each an 80%-owned joint venture company of the Company) submitted the final bid prices of RMB2,228 million and RMB2,484.25 million for the public tenders of the Huahe Sale Interest and the Huayan Sale Interest respectively following the receipt of the notifications from the China Beijing Equity Exchange that Shanghai Tongxin and Shanghai Suzuan were the only bidders for the public tenders of the Huahe Sale Interest and the Huayan Sale Interest respectively. In accordance with the terms of the Tenders, upon submitting the final bid prices and obtaining the CRL Waivers, Shanghai Tongxin and Shanghai Suzuan are required to

enter into the Huahe Acquisition and the Huayan Acquisition respectively, pursuant to which (i) Shanghai Tongxin will acquire, and the Vendor will sell, the Huahe Sale Interest; and (ii) Shanghai Suzuan will acquire, and the Vendor will sell, the Huayan Sale Interest, in each case, for a consideration equal to their respective final bid prices.

THE ACQUISITIONS

The principal terms of the Acquisitions are set out below:

The Huahe Acquisition

Shanghai Tongxin will acquire, and Shenzhen OCT as vendor will sell, the Huahe Sale Interest, representing the 50% equity interest in Shanghai Huahe. The major asset owned by Shanghai Huahe is the Huahe Site.

The Huayan Acquisition

Shanghai Suzuan will acquire, and Shenzhen OCT as vendor will sell, the Huayan Sale Interest, representing the 50% equity interest in Shanghai Huayan. The major asset owned by Shanghai Huayan is the Huayan Site.

As at the date of this announcement, each of the Project Companies is owned as to 50% by the Vendor and 50% by CR Land. To the best of Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate parent company are Independent Third Parties.

Please refer to the paragraph headed "Information on the Project Companies and the Sites" for background information of Shanghai Huahe and Shanghai Huayan.

Considerations and Payment Terms

The considerations for the Huahe Acquisition and the Huayan Acquisition are RMB2,228 million and RMB2,484.25 million, respectively, being the final bid prices for the tenders for the Huahe Sale Interest and the Huayan Sale Interest, respectively. Pursuant to the terms of the Tenders, after deducting the Bid Bonds which have been previously paid by Shanghai Tongxin and Shanghai Suzuan, the remaining balance of the Huahe Consideration and the Huayan Consideration will be payable to the China Beijing Equity Exchange within five (5) business days after the date of the respective agreements.

The Board considered that the Huahe Consideration and the Huayan Consideration were fair and reasonable after taking into account the location and potential development prospects of the Sites and the preliminary valuation of the property interests held by the Project Companies as assessed by an independent valuer. The Huahe Consideration and the Huayan Consideration which are attributable to the Group, being RMB3,769.8 million in aggregate, will be satisfied by using the Group's internal resources.

Completion

It is expected that Completion will take place on or around the same date after satisfaction of, among others, (i) the settlement of the Huahe Consideration and the Huayan Consideration; and (ii) conditions precedents pursuant to the relevant sale and purchase agreements. Upon Completion, the Company's interests in Shanghai Huahe and Shanghai Huayan will be accounted for using the equity method of accounting in the consolidated financial statements of the Group.

It is expected that a shareholders' agreement will be entered into upon Completion between Shanghai Tongxin, Shanghai Suzuan, CR Land and the Project Companies to govern in relation to, among other matters, the affairs, business and management of the Project Companies, the relationship, the rights and obligations among the shareholders of the Project Companies.

INFORMATION ON THE PROJECT COMPANIES AND THE SITES

The Project Companies

Shanghai Huahe and Shanghai Huayan are companies incorporated under the laws of the PRC with limited liability and are principally engaged in property development. Shanghai Huahe and Shanghai Huayan own the land use rights of the Huahe Site and the Huayan Site, respectively, both of which are located in Suhe Bay Area, Jingan District, Shanghai City in the PRC. The Sites are two adjoining sites currently under development which will mainly comprise office, commercial and residential components with a total gross floor area of approximately 329,000 sq. m upon completion of the development.

Financial Information of the Project Companies

Set out below is the summary of financial information of the Project Companies for the two years ended 31 December 2017 and 2018 prepared in accordance with the accounting principles generally accepted in the PRC.

Shanghai Huahe

	For the financial year ended 31 December 2018	For the financial year ended 31 December 2017
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Net loss before taxation	387.1	5,744.5
Net loss after taxation	387.1	5,744.5

Shanghai Huayan

	For the financial year ended 31 December 2018	For the financial year ended 31 December 2017
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Net loss before taxation	37,379.3	2,669.3
Net loss after taxation	28,441.9	2,011.9

As at 31 December 2018, the audited net asset of Shanghai Huahe and Shanghai Huayan were approximately RMB1,493.9 million and RMB1,967.6 million, respectively.

The Sites

Details of the Sites are listed below:

	<i>The Huahe Site</i>	<i>The Huayan Site</i>		
<i>Plot No.</i>	Plot 33-02	Plot 44-01	Plot 46-01	Plot 46-02
Site code:	滬(2018)靜字 不動產權 第019845號	滬(2019)靜字 不動產權 第010629號	滬(2019)靜字 不動產權 第010630號	滬(2018)靜字 不動產權 第015145號
Site location:	北站街道6街坊 5/1丘	北站街道3街坊 1/920丘	北站街道4街坊 1/918丘	北站街道4街坊 17/1丘
Total land area ^{Note} (Approximate sq. m):	14,845 sq. m	26,443 sq. m (underground)	14,336 sq. m (underground)	10,068 sq. m
Gross floor area ^{Note} (Approximate sq. m):	82,950 sq. m (aboveground)	N/A	N/A	103,550 sq. m (aboveground)
	29,000 sq. m (underground)	54,781 sq. m (underground)	30,776 sq. m (underground)	27,856 sq. m (underground)
Land use:	Residential, office and commercial use	Commercial, street and alley use	Commercial, street and alley use	Commercial and office use
Intended use upon completion of development projects:	Residential, office and commercial properties for sale	Office and commercial properties for lease		

Note: Gross floor area as per Construction Planning Permit and relevant documents

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

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. With respect to its property development and investment business, the Group has been identifying and exploring investment opportunities in different regions within the Greater China with a view to generating revenue and achieving better return for the Shareholders. The Acquisitions provide an excellent investment opportunity for the Group to strengthen its presence in Shanghai and in the Greater China.

The Project Companies are primarily engaged in the development of the Sites situated at Suhe Bay Area, Jingan District of Shanghai City in the PRC, which are located within the core business districts of Shanghai and in close proximity to established core business districts such as Nanjing West Road and Lujiazui. The Sites also enjoy a short travelling distance from major tourist attractions such as the Bund and the People's Square. It is intended that the Sites will mainly comprise office, commercial and residential components, directly connected to Tiantong Road Subway Station. Based on the intended use of the properties of the Sites upon completion, the sale of properties on the Huahe Site would bring in sales revenue to the Group in the short run, while the leasing of properties on the Huayan Site would generate a recurring rental income for the Group in the long-run.

Furthermore, CR Land, the other shareholder of the Project Companies, is one of the leading property developers focusing on the PRC market. The Company believes that the cooperation with CR Land would create synergies that will allow the Company to remain competitive and would also enhance the financial return of the Project Companies. Therefore, the Directors believe that the Acquisitions represent a good opportunity for the Group which is in line with the Group's business growth and strategies.

Taking into consideration the reasons for and benefits of the Acquisitions to the Company, the Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisitions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. No Directors had any material interest in the Acquisitions nor were required to abstain from participating in the passing of the resolutions for the approval of the Acquisitions.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 25% but are all less than 100% when aggregating the Huahe Acquisition and the Huayan Acquisition, the Acquisitions, together, constitute a major transaction for the Company, and are therefore subject to the reporting, announcement, circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

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 Acquisitions; 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 Acquisitions.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders has any material interest in the Acquisitions, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisitions.

The Company has obtained the Written Approval from a closely allied group of Shareholders, set out in the following table, who together hold 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	1,632,901,912	54.0%

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 Acquisitions pursuant to Rule 14.44 of the Listing Rules. A circular containing, among others, further details of the Acquisitions will be despatched to the Shareholders in accordance with the Listing Rules for information purposes only. As additional time is required to prepare the financial information in the circular, it is expected that the circular will be despatched on or before 17 January 2020.

GENERAL INFORMATION ON THE GROUP, SHANGHAI TONGXIN AND SHANGHAI SUZUAN

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.

Shanghai Tongxin was established in the PRC with limited liability and is owned as to 80% by a wholly-owned subsidiary of the Company and 20% by Shanghai Zhonghong. It was formed for the sole purpose of the Tender for the Huahe Sale Interest and is classified as a joint venture company of the Company.

Shanghai Suzuan was established in the PRC with limited liability and is owned as to 80% by a wholly-owned subsidiary of the Company and 20% by Shanghai Zhonghong. It was formed for the sole purpose of the Tender for the Huayan Sale Interest and is classified as a joint venture company of the Company.

INFORMATION ON THE VENDOR

Shenzhen OCT is a company established in the PRC with limited liability and wholly-owned by Shenzhen Overseas Chinese Town Co., Ltd.* (深圳華僑城股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 000069). Shenzhen OCT is principally engaged in property development in the PRC.

DEFINITIONS

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

“Acquisitions”	the Huahe Acquisition and the Huayan Acquisition
“Bid Bonds”	a sum equal to an amount of RMB187 million and RMB211 million previously paid by the Shanghai Tongxin and Shanghai Suzuan respectively, pursuant to the terms of the Tenders as initial deposits
“Board”	the board of Directors
“China Beijing Equity Exchange”	China Beijing Equity Exchange* (北京產權交易所), an entity approved by the People’s Government of Beijing Municipality to transact state-owned equity in the PRC
“Company”	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 242)
“Completion”	the completion of each of the Huahe Acquisition and Huayan Acquisition
“CR Land”	China Resources Land (Shanghai) Limited* (華潤置地(上海)有限公司), a company incorporated under the laws of the PRC with limited liability and wholly-owned by China Resources Land Limited, a company listed on the Stock Exchange (Stock Code: 1109), which is an Independent Third Party
“CRL Waivers”	confirmations from CR Land for its consent to waive its pre-emptive rights in respect of the Sale Interests
“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

“Huahe Acquisition”	the acquisition of the Huahe Sale Interest by Shanghai Tongxin from the Vendor pursuant to the terms of the relevant Tender
“Huahe Consideration”	the amount payable as consideration for the Huahe Sale Interest in the amount of RMB2,228 million, being the final bid price for the relevant Tender
“Huahe Sale Interest”	the 50% equity interest in Shanghai Huahe held by the Vendor as at the date of this announcement
“Huahe Site”	a land plot (Plot 33-02) located at Suhe Bay Area, Jingan District, Shanghai, the PRC, held by Shanghai Huahe
“Huayan Acquisition”	the acquisition of the Huayan Sale Interest by Shanghai Suzuan from the Vendor pursuant to the terms of the relevant Tender
“Huayan Consideration”	the amount payable as consideration for the Huayan Sale Interest in the amount of RMB2,484.25 million, being the final bid price for the relevant Tender
“Huayan Sale Interest”	the 50% equity interest in Shanghai Huayan held by the Vendor as at the date of this announcement
“Huayan Site”	three land plots (Plot 44-01, Plot 46-01, Plot 46-02) located at Suhe Bay Area, Jingan District, Shanghai, the PRC held by Shanghai Huayan
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company or its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Project Companies”	Shanghai Huahe and Shanghai Huayan
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Interests”	the Huahe Sale Interest and the Huayan Sale Interest
“Shanghai Huahe”	Shanghai Huahe Real Estate Development Company Limited* (上海華合房地產開發有限公司), a company incorporated under the laws of the PRC with limited liability and is owned as to 50% by the Vendor and 50% by CR Land as at the date of this announcement
“Shanghai Huayan”	Shanghai Huayan Real Estate Development Company Limited* (上海華筵房地產開發有限公司), a company incorporated under the laws of the PRC with limited liability and is owned as to 50% by the Vendor and 50% by CR Land as at the date of this announcement
“Shanghai Suzuan”	Shanghai Suzuan Investment Company Limited* (上海蘇鑽投資有限公司), a company incorporated under the laws of the PRC with limited liability, which is owned as to 80% by the Group and 20% by Shanghai Zhonghong
“Shanghai Tongxin”	Shanghai Tongxin Investment Company Limited* (上海潼信投資有限公司), a company incorporated under the laws of the PRC with limited liability, which is owned as to 80% by the Group and 20% by Shanghai Zhonghong
“Shanghai Zhonghong”	Shanghai Zhonghong Real Estate Company Limited* (上海中鴻置業有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of China Enterprise Co., Ltd. (中華企業股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600675), which is an Independent Third Party
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen OCT”	Shenzhen OCT Properties Co., Ltd* (深圳華僑城房地產有限公司), a company incorporated under the laws of the PRC with limited liability and wholly-owned by Shenzhen Overseas Chinese Town Co., Ltd.* (深圳華僑城股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 000069), which is an Independent Third Party

“Sites”	the Huahe Site and the Huayan Site
“sq. m”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tender(s)”	the sale(s) of the Huahe Sale Interest and/or the Huayan Sale Interest by way of public tender(s) (公開掛牌) at China Beijing Equity Exchange
“Vendor”	Shenzhen OCT
“Written Approval”	the written shareholders’ approval obtained by the Company in relation to the Acquisitions pursuant to Rule 14.44 of the Listing Rules
“%”	percent

In this announcement, unless the context otherwise requires, the terms “connected person(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.

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

Hong Kong, 4 December 2019

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.

* *For identification purpose only*