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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>**

**MAJOR TRANSACTION  
ACQUISITION OF THE SALE SHARES  
IN THE TARGET COMPANY**

**THE ACQUISITION**

On 29 June 2020, the Buyer (an indirect wholly-owned subsidiary of the Company), the Company (as guarantor of the Buyer) and the Vendor entered into the Agreement, pursuant to which, amongst others, the Buyer conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares and the Shareholder's Loan for the Base Consideration of HK\$2,361,195,928 (subject to the Post-Completion Adjustment) in accordance with the terms and conditions of the Agreement. The Sale Shares, being 450 A Shares and 450 B Shares, shall be entitled to a pro rata share of the profits and the net assets of the Target Group attributable to or comprised in the A Fund, which comprises the Properties situated in Central, Hong Kong, and the B Fund, respectively.

**LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceeds 25% but is less than 100%, the Agreement and the transactions contemplated thereunder constitute a major transaction for the Company, and are therefore subject to the reporting, announcement 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 Agreement and the transactions contemplated thereunder; 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 Agreement and the transactions contemplated thereunder.

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

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 Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules. A circular containing, among others, further details of the Acquisition and the property valuation report 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 21 July 2020.

On 29 June 2020, 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, pursuant to which, amongst others, the Buyer conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares and the Shareholder's Loan in accordance with the terms and conditions of the Agreement.

The principal terms of the Agreement are set out below:

## **THE AGREEMENT**

### **Date**

29 June 2020

### **Parties**

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

To the best of Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate holding company, are Independent Third Parties.

### **Subject matter**

The Buyer conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares, being 450 A Shares and 450 B Shares, in the Target Company and the Shareholder's Loan in accordance with the terms and subject to the conditions of the Agreement. For details of the Sale Shares, please refer to the section headed "Information on the Target Company and the 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\$2,361,195,928 (the "**Base Consideration**") comprising the base consideration for the Sale Shares of HK\$2,337,609,400 (the "**Base Consideration for the Sale Shares**"), subject to the Post-Completion Adjustment, and the Shareholder's Loan of HK\$23,586,528. The Total Consideration shall be payable by the Buyer to the Vendor as follows:

- (a) a sum of HK\$779,203,133, representing approximately 33% of the Base Consideration for the Sale Shares, shall be payable by the Buyer to the Vendor on the Completion Date after deducting the Vendor's share of estimated stamp duty relating to the transfer of the Sale Shares;

- (b) a sum of HK\$779,203,133, representing approximately 33% of the Base Consideration for the Sale Shares, shall be payable by the Buyer to the Vendor on or before 30 June 2021 (the “**Second Payment**”) after deducting, if applicable, the Vendor’s share of any fees, costs or expenses relating to the transfer of the Sale Shares; and
- (c) the remaining balance of the Base Consideration for the Sale Shares after adjusting for the Post-Completion Adjustment, where applicable (the “**Third Payment**”), and the Shareholder’s Loan shall be paid by the Buyer to the Vendor on or before 30 June 2022.

In addition, the Buyer shall (i) pay a sum calculated at a rate of 2% per annum on the amount of the Base Consideration for the Sale Shares comprised in each of the Second Payment and the Third Payment in respect of the period from the Completion Date up to their respective actual date of payment (the “**Deferred Amount**”) in one lump sum at the time when the Third Payment is made; and (ii) execute a share charge of 300 A Shares in favour of the Vendor, as security for payment of the Second Payment, the Third Payment and the Deferred Amount.

#### **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) 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\$50,000,000;
- (b) less than the Base Consideration, the Vendor shall pay to the Buyer an amount equal to the difference, subject to a maximum amount of HK\$50,000,000; or
- (c) equal to the Base Consideration, no adjustment is required.

## **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 a number of factors including but not limited to the relevant proportion of (a) the latest indicative appraised value of the Properties attributable to the A Fund by an independent professional valuer; (b) the other assets of HK\$842,785,009 and liabilities of HK\$316,107,454 attributable to the A Fund based on the unaudited consolidated management accounts of the Target Group as at 30 April 2020; and (c) the cash held by the B Fund of HK\$4,500 representing the net asset value attributable to the B Fund as of the date of the Agreement.

The Shareholder's Loan of HK\$23,586,528 was the amount due to the Vendor by the Target Company under A Fund based on the unaudited consolidated management accounts of the Target Group as at 30 April 2020.

## **Conditions Precedent**

Completion is conditional on the fulfilment of the following conditions on or before the Completion Date:

- (a) the Vendor's warranties as set out in the Agreement remaining true and accurate and not misleading in material respect as if they were repeated immediately prior to Completion by reference to the facts and circumstances then existing; and
- (b) approval having been obtained from the Shareholders of the Company for approving the Agreement and the transactions contemplated thereunder, if such approval is required under the Listing Rules.

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

The above conditions are expected to be satisfied on or before the Completion 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 30 June 2020, or such other date as the Buyer and the Vendor may 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**

With over 30 years of experience as the leasing and property manager of the retail podium of Shun Tak Centre, the Group possesses requisite industry expertise and market knowledge to develop an optimal tenant mix for the retail portion at Shun Tak Centre which is crucial to maximize the potential value of such property. The Acquisition would therefore offer the Group an opportunity to capture a steady recurring rental income, as well as to capture long-term potential capital growth in retail properties located in a prime area of Hong Kong.

Taking into consideration the reasons for and benefits of the Acquisition to the Company, the Directors 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.

None of the Directors has any material interest in the Agreement and the transactions contemplated thereunder, and none of the Directors has abstained from voting on the board resolutions approving the Agreement and the transactions contemplated thereunder.

## **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. As at the date of this announcement, the Vendor is an indirect wholly-owned subsidiary of New World Development Company Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 17).

### **Information on the Target Company and the 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 450 A Shares and 450 B Shares, shall be entitled to the pro rata share of the respective profits and net assets of the Target Group attributable to or comprised in the A Fund and the B Fund. As at the date of this announcement, the A Fund comprised the properties and the assets of the Target Group representing or derived from or attributable to the Properties, consisting of certain retail shops, office units and car parking spaces at Shun Tak Centre in Central, Hong Kong. As at the date of this announcement, the B Fund mainly comprised cash of HK\$4,500.

## Financial information of the A Fund and the B Fund and the Target Group as a whole

Set out below is the financial information of the Target Group based on the consolidated accounts of the A Fund and the accounts of the B Fund and the consolidated accounts of the Target Group:

	<b>For the year ended 30 June 2019 (audited) <i>HK\$ millions</i></b>	<b>For the year ended 30 June 2018 (audited) <i>HK\$ millions</i></b>
Net profit before taxation attributable to the A Fund and the B Fund	302.5	825.3
Net profit before taxation of the Target Group as a whole	656.4	2,172.5
Net profit after taxation attributable to the A Fund and the B Fund	270.9	794.3
Net profit after taxation of the Target Group as a whole	608.4	2,125.6

Based on the unaudited consolidated management accounts of the Target Group as at 30 April 2020, the total assets attributable to the A Fund and the B Fund and the Target Group as a whole were approximately HK\$6,169 million and approximately HK\$10,805 million, respectively, and the net asset value attributable to the A Fund and the B Fund and the Target Group as a whole were approximately HK\$5,853 million and approximately HK\$10,423 million, respectively.

The Group currently has 10% of the total issued A Shares as at the date of this announcement. Upon completion of the Acquisition, the Group will hold 55% of the total issued A Shares and 100% of the total issued B Shares.

## LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceeds 25% but is less than 100%, the Agreement and the transactions contemplated thereunder constitute a major transaction for the Company, and are therefore subject to the reporting, announcement 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 Agreement and the transactions contemplated thereunder; 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 Agreement and the transactions contemplated thereunder.

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

The Company has obtained the Written Approval from a closely allied group of Shareholders (details of their respective shareholding as set out below), 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):

<b>Name of Shareholder</b>	<b>Number of Shares held as at the date of this announcement</b>	<b>Approximate percentage of shareholding</b>
Ms. Pansy Ho	534,664,564	17.7%
Oakmount Holdings Limited (“ <b>Oakmount</b> ”) <sup>(1)</sup>	396,522,735	13.1%
Shun Tak Shipping Company, Limited (“ <b>ST Shipping</b> ”) and its subsidiaries <sup>(2)</sup>	373,578,668	12.4%
Ms. Daisy Ho	223,999,816	7.4%
Renita Investments Limited (“ <b>Renita</b> ”) <sup>(1)</sup>	104,136,129	3.4%
<b>Total</b>	<u><u>1,632,901,912</u></u>	<u><u>54.0%</u></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 Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules. A circular containing, among others, further details of the Acquisition and the property valuation report 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 21 July 2020.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“A Fund”	the properties and the assets of the Target Group representing or derived from or attributable to the Properties which are beneficially owned by the A Shares
“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 29 June 2020 entered into between the Buyer, the Company and the Vendor in respect of the Acquisition
“B Fund”	the assets of the Target Company which are beneficially owned by the B Shares
“B Shares”	Class B shares in the capital of the Target Company
“Base Consideration”	HK\$2,361,195,928
“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 and the B Fund as at the date of Completion prepared in accordance with the terms of the Agreement
“Completion Date”	30 June 2020, or such later date as agreed by the Buyer and the Vendor in writing
“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
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company or its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“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
“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) 85 car parking spaces on the 5th and 6th floors, Shun Tak Centre together with their respective adjoining spaces, if any; and (iii) the whole of 38th floor (except units nos. 3807-3811 on 38th floor) of West Tower, Shun Tak Centre located at 168-200 Connaught Road Central, Hong Kong
“Sale Shares”	450 A Shares and 450 B Shares, representing 45% and 100% of the total issued A Shares and B Shares as at the date of this announcement, respectively
“Share(s)”	share(s) of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Shareholders’ Agreement”	The shareholders’ agreement entered into by the Target Company and its shareholders
“Shareholder’s Loan”	the amount due to the Vendor by the Target Company under A Fund based on the unaudited consolidated management accounts of the Target Group as at 30 April 2020
“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
“Target Group”	the Target Company and its subsidiaries
“Total Consideration”	the Base Consideration, subject to the Post-Completion Adjustment

“Vendor”	New World Hotels (Holdings) Limited, a company incorporated in Hong Kong with limited liability
“Written Approval”	the written shareholders’ approval obtained by the Company in relation to the Acquisition pursuant to Rule 14.44 of the Listing Rules
“%”	per cent.

*In this announcement, unless the context otherwise requires, the terms “applicable percentage ratio”, “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.*

*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, 29 June 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.*