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**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**

**DISCLOSEABLE TRANSACTIONS  
RELATING TO  
THE SALE OF ENTIRE INTEREST IN A COLUMBARIUM  
AND FUNERAL SERVICE**

On 22 May 2014, the Purchaser, the Seller, Tin Wai and the Guarantor entered into the Macau Agreement, pursuant to which the Purchaser agreed to acquire from the Seller the Macau Sale Share and the Macau Shareholder Loan at a consideration of HK\$624.1 million, subject to the Completion Adjustment. On the same date, the Purchaser and the Company also entered into the HK Agreement, pursuant to which the Purchaser agreed to acquire from the Company the HK Sale Share at a consideration of HK\$3 million. Upon completion of the Disposals, the Group will no longer has any interest in the business of columbarium operation and funeral service. Completion of the Macau Agreement is also conditional upon the completion of the purchase of the remaining 21% of the issued shares of Tin Wai by a company owned by the Guarantor and his family member from the Minority Shareholder at terms substantially the same as those of the Macau Agreement.

As the consideration ratio in respect of the transactions contemplated under the Agreements is more than 5% but less than 25%, the transactions contemplated under the Agreements constitutes discloseable transactions of the Company which are subject to the reporting and announcement requirements but are exempted from Shareholders' approval requirement under the Listing Rules.

The Board is pleased to announce the following transactions of the Group:

## **THE AGREEMENTS**

On 22 May 2014, the Purchaser, the Seller, Tin Wai and the Guarantor entered into the Macau Agreement, pursuant to which:

1. the Purchaser agreed to acquire from the Seller the Macau Sale Share and the Macau Shareholder Loan; and
2. the Guarantor guaranteed the due and punctual performance and discharge by the Purchaser and Tin Wai of all their obligations and liabilities under the Macau Agreement.

On 22 May 2014, the Purchaser and the Company entered into the HK Agreement, pursuant to which the Purchaser agreed to acquire from the Company the HK Sale Share.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Purchaser and the Guarantor, who is also the beneficial owner of the Purchaser, are third parties independent of the Company and the connected persons (as defined under the Listing Rules) of the Company.

## **Consideration**

The base consideration for the Macau Disposal is HK\$624.1 million (subject to Completion Adjustment) and will be settled in the following manner:

1. HK\$118.5 million has been paid by the Purchaser upon signing of the Macau Agreement; and
2. the remaining balance of HK\$505.6 million shall be paid upon completion of the Macau Disposal.

Pursuant to the Completion Adjustment regarding the consideration for the Macau Disposal:

1. if the Net Asset Value is a positive number, the Purchaser shall pay the Seller an amount equal to 79% of the Net Asset Value within 5 business days of the Completion Account being agreed upon or finally determined; and

2. if the Net Asset Value is a negative number, the Seller shall pay the Purchaser an amount equal to 79% of the Net Asset Value within 5 business days of the Completion Account being agreed upon or finally determined.

The consideration for the HK Disposal is HK\$3 million and will be paid by the Purchaser upon completion of the HK Disposal.

The consideration of the Disposals was agreed after commercial and arm's length negotiations between the Purchaser, the Seller and the Company. Factors taken into account by the Seller in determining the consideration for the Macau Disposal include (1) an independent valuation of the Property of HK\$762 million as at 25 April 2014 of which the Group's 79% share amounts to HK\$602.0 million; and (2) the net asset value of Tin Wai as at 30 April 2014. Factor taken into account by the Company in determining the consideration for the HK Disposal is the consolidated net asset value of Joyous Park as at 30 April 2014.

### **Conditions Precedent**

Completion of the Macau Agreement is conditional upon the fulfillment of or waiver by the Purchaser of certain conditions precedent including but not limited to:

- (i) the Seller obtaining approval of its board of directors or, if required, from its shareholders, (this has already been satisfied as at the date of this announcement); and
- (ii) the completion of the purchase of the remaining 21% of the issued shares of Tin Wai by a company owned by the Guarantor and his family member from the Minority Shareholder at terms substantially the same as those of the Macau Agreement.

If any of the conditions is not satisfied or waived by 21 August 2014, the Macau Agreement will lapse and the Macau Disposal will not proceed to completion.

### **Completion**

Completion of the Disposals shall take place within 90 days upon signing of the Agreement, or such other date as mutually agreed by the parties.

Completion of the HK Disposal and the Macau Disposal shall occur at the same time and the Company shall not be obliged to complete the HK Disposal unless the Macau Disposal is completed simultaneously.

Subject to audit and with reference to the carrying value of Tin Wai and the Joyous Park Group of approximately HK\$632.5 million shared by the Group in the consolidated management accounts of the Company as at 30 April 2014, and after taking into account the effect of the Completion Adjustment based on Net Asset Value as at 30 April 2014, the Group is expected to record a gain (net of transaction costs) of approximately HK\$16.7 million upon completion of the Disposals. Proceeds from the Disposals under the Agreement will be used by the Group for its general working capital and to finance new investment opportunities.

Upon completion of the Disposals, Tin Wai and the Joyous Park Group will no longer be subsidiaries of the Company and their financial results will cease to be consolidated into the consolidated accounts of the Group, and the Group will no longer has any interest in the business of columbarium operation and funeral service.

### **Post-Completion Undertaking and Guarantee**

Under the Macau Agreement, the Purchaser and Tin Wai have undertaken, among other things:

1. to continue and upkeep the ownership and operation of the Property as a columbarium after completion of the Macau Disposal;
2. to perform and comply with the license agreements for the niches at the Property in accordance with their term;
3. to manage the Property in accordance with its existing service standard; and
4. not to apply for any modification of the land use right of the Property ((1) to (4) are collectively defined as **Continued Operation Undertaking**).

Under the Macau Agreement, the Guarantor has:

1. guaranteed the performance by the Purchaser and Tin Wai of their obligations under the Macau Agreement (including the Continued Operation Undertaking);
2. agreed to procure no change in the controlling shareholder of the Purchaser and Tin Wai within 5 years after completion of the Macau Disposal; and
3. that a condition shall be imposed on any subsequent purchasers of the shares of the Purchaser or Tin Wai who will gain control over either of them that they shall comply with the Continued Operation Undertaking.

The Directors, including the independent non-executive Directors, consider that the terms of the Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## FINANCIAL INFORMATION OF TIN WAI AND JOYOUS PARK

The profit (before and after taxation) of Tin Wai for the two financial years ended 31 December 2012 and 2013 are as follows:

	<b>Year ended 31 December 2012 (audited) (HK\$ million)</b>	<b>Year ended 31 December 2013 (audited) (HK\$ million)</b>
Profit before taxation	22.2	23.4
Profit after taxation	19.6	20.7

According to its management account, the net asset value of Tin Wai as at 30 April 2014, which did not reflect any fair value change arising from valuation of the Property was HK\$151.9 million.

The consolidated profit (before and after taxation) of Joyous Park for the two financial years ended 31 December 2012 and 2013 are as follows:

	<b>Year ended 31 December 2012 (unaudited) (HK\$ million)</b>	<b>Year ended 31 December 2013 (unaudited) (HK\$ million)</b>
Consolidated profit before taxation	0.4	1.9
Consolidated profit after taxation	0.3	1.4

According to its management account, the consolidated net asset value of Joyous Park as at 30 April 2014 was HK\$1.1 million.

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

Tin Wai launched the Property in 2011 and the Group subsequently expanded its offerings to include a full line of memorial services in 2013, with the objective of meeting market demand for high quality columbarium that offers legitimate ownership and professional services across Hong Kong, Macau and Pearl River Delta region. Leveraging on its extensive experience in property development and hospitality services, the Group has successfully set new benchmarks for the software and hardware offerings for the funeral service industry.

Having considered the offer (including both monetary and non-monetary terms) from the Purchaser, the Group considered it an appropriate opportunity to monetize the value of the Property and the funeral service created by its professional management. Upon completion of the Disposals, the Group will become more flexible in deploying its financial resources.

## **INFORMATION OF THE PROPERTY**

The Property, located at Avenida Son On nos. 877-897-919 and Rua da Riqueza 15, Taipa, Macau, is currently owned and operated by Tin Wai as a contemporary columbarium, namely Taipa Hills Memorial Garden.

## **INFORMATION OF THE PARTIES TO THE AGREEMENTS**

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 Seller is a wholly-owned subsidiary of the Company. As at the date of this announcement, its principal activity is investment holding.

The Purchaser is a company incorporated in the British Virgin Islands and according to the information provided by the Purchaser, its principal activity is investment holding as at the date of this announcement.

According to the information provided by the Guarantor, the Guarantor is, as at the date of this announcement, the ultimate beneficial owner of the Purchaser.

Tin Wai, an indirect subsidiary of the Company incorporated in Macau, is as at the date of this announcement owned as to 79% and 21% by the Group and Minority Shareholder respectively. Tin Wai is the owner of the Property and its principal activity as at the date of this announcement is the ownership and operation of Property.

Joyous Park is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands. As at the date of this announcement, its principal activity is investment holding and the Joyous Park Group is principally engaged in the provision of funeral service and is the sole agent of Tin Wai for the licensing of niches at the Property.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios in respect of the Disposals is more than 5% but less than 25%, the Disposals constitute discloseable transactions of the Company which are subject to the reporting and announcement requirements but are exempted from Shareholders' approval requirement under the Listing Rules. Although the amount of the Completion Adjustment can only be confirmed after completion of the Macau Disposal when the Completion Account has been agreed upon or finally determined, it is currently expected that the consideration for the Disposals, after taking into account the potential Completion Adjustment, will not result in the Disposals becoming major transactions which require Shareholders' approval. In the event that the Disposals become subject to Shareholders' approval due to the increase in the consideration for the Disposals, the Company will take appropriate action to comply with the Listing Rules.

## **DEFINITIONS**

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

“Agreements”	the Macau Agreement and the HK Agreement
“Board”	the board of Directors
“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 Account”	the financial statements of Tin Wai as at completion of the Macau Disposal prepared by the Seller and agreed upon by the Purchaser (or otherwise determined in accordance with the terms of the Macau Agreement in the event of disagreement between the Seller and the Purchaser)

“Completion Adjustment”	the adjustment to the consideration for the Macau Disposal, further details of which are set out in the section headed “Consideration”
“Director(s)”	the director(s), including independent non-executive director(s), of the Company
“Disposals”	comprises the HK Disposal and Macau Disposal
“Group”	the Company together with its subsidiaries
“Guarantor”	Mr. Lam In Wai, an independent third party to the Company
“HK Agreement”	a sale and purchase agreement dated 22 May 2014 entered into between the Purchaser and the Company in respect of the HK Disposal
“HK Disposal”	disposal of the HK Sale Share by the Company to the Purchaser pursuant to the HK Agreement
“HK Sale Share”	1 share of US\$1 of Joyous Park, representing its entire issued share capital as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Joyous Park”	Joyous Park International Limited, a wholly-owned subsidiary of the Company as at the date of this announcement
“Joyous Park Group”	Joyous Park and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the People’s Republic of China
“Macau Agreement”	a sale and purchase agreement dated 22 May 2014 entered into between the Purchaser, the Seller, Tin Wai and the Guarantor in respect of the Macau Disposal
“Macau Disposal”	disposal of the Macau Sale Share and Macau Shareholder Loan by the Seller to the Purchaser pursuant to the Macau Agreement



“Macau Sale Share”	1 quota of MOP79,000 of Tin Wai, representing 79% of its issued share capital as at the date of this announcement
“Macau Shareholder Loan”	the loan advanced by the Seller to Tin Wai which remains outstanding upon completion of the Macau Disposal together with accrued interest and “Macau Shareholders’ Loan” means loans advanced by the Seller and Minority Shareholder to Tin Wai which remain outstanding upon completion of the Macau Disposal together with accrued interest
“Minority Shareholder”	a shareholder of Tin Wai who owns the remaining 21% of the issued share capital of Tin Wai and is an independent third party to the Company except for its being a substantial shareholder of Tin Wai
“Net Asset Value”	the net asset value of Tin Wai determined with reference to the Completion Account; for the purpose of the Completion Adjustment, certain assets and liabilities of Tin Wai as at the completion date of the Macau Disposal, including but not limited to, (i) the book value of the Property, (ii) the Macau Shareholders’ Loan and (iii) the net revenue derived from the sale of niches at the Property signed after the date of the Macau Agreement and up to completion of the Macau Disposal shall be excluded from the assets and liabilities of Tin Wai upon completion
“Property”	a contemporary columbarium, namely Taipa Hills Memorial Garden, located at Avenida Son On nos. 877-897-919 and Rua da Riqueza 15, Taipa, Macau
“Purchaser”	Excel Smart Venture Limited, a company incorporated in the British Virgin Islands with limited liability and an independent third party to the Company
“Seller”	Oriental Pride Group Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company which owns 79% equity interest in Tin Wai
“Share(s)”	ordinary shares of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tin Wai”	Tin Wai Development Company, Limited, the owner of the Property, the issued share capital of which is, as at the date of this announcement, owned as to 79% and 21% by the Seller and the Minority Shareholder respectively
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

*For the purpose of this announcement, certain amounts in Patacas (MOP), the lawful currency of Macau, have been translated to HK\$ at the exchange rate of HK\$1 = MOP1.03.*

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

Hong Kong, 22 May 2014

*As at the date of this announcement, the executive Directors are Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Mr. David Shum and Mr. Rogier Verhoeven; the non-executive Directors are Dato' Dr. Cheng Yu Tung and Mrs. Louise Mok; and the independent non-executive Directors are Sir Roger Lobo, Mr. Norman Ho, Mr. Charles Ho and Mr. Michael Ng.*