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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

**DISCLOSEABLE AND CONNECTED TRANSACTION
RELATING TO
FORMATION OF JOINT VENTURE**

FORMATION OF JOINT VENTURE

The Board is pleased to announce that, on 3 January 2018, WHDL, an indirect wholly-owned subsidiary of the Company, PCIH, BBPC, IPPL, HPRY, SPL, WCA and the JV Co entered into the JV Agreement pursuant to which the JV Partners agreed to jointly invest in the Healthcare Projects through their investments in the JV Co.

The total Committed Capital for the JV Co is US\$500 million (equivalent to approximately HK\$3.9 billion). Upon subscription of the JV Shares pursuant to the JV Agreement, WHDL will be interested in 30% equity interest in the JV Co and its Commitment to the JV Co is US\$150 million (equivalent to approximately HK\$1,172.3 million).

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Commitment exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

PCIH, being a JV Partner, is a wholly-owned subsidiary of PREH, which is the ultimate holding company with 100% interests in Perennial Singapore Investment Holdings Pte. Ltd. As Perennial Singapore Investment Holdings Pte. Ltd. is a substantial shareholder (as defined in the Listing Rules) of PS IPL, a significant subsidiary of the Company, PCIH is the Company's connected person at subsidiary level under the Listing Rules and the Transaction will also constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

However, by virtue of Rule 14A.101 of the Listing Rules, the Transaction is a connected transaction of the Company only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE FORMATION OF JOINT VENTURE

The Board is pleased to announce that, on 3 January 2018, WHDL, an indirect wholly-owned subsidiary of the Company, PCIH, BBPC, IPPL, HPRY, SPL, WCA and the JV Co entered into the JV Agreement pursuant to which the JV Partners agreed to jointly invest in the Healthcare Projects through their investments in the JV Co.

PRINCIPAL TERMS OF THE JV AGREEMENT

Date	3 January 2018
Parties	(i) WHDL; (ii) PCIH; (iii) BBPC; (iv) IPPL; (v) HPRY;

- (vi) SPL;
- (vii) WCA; and
- (viii) The JV Co.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of BBPC, IPPL, HPRY, SPL, WCA, and their respective ultimate beneficial owner(s) is a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

Investment objective

Potential real estate project(s) predominantly for healthcare usage, with hotel and/or retail components, complemented by healthcare-related amenities, and include mixed use properties, located in provincial capital cities in the PRC with superior connectivity with high-speed railway.

Committed Capital and shareholding structure in the JV Co

The Committed Capital is US\$500 million (equivalent to approximately HK\$3.9 billion). The JV Partners committed to contribute, upon capital calls as requested by the JV Co, the Committed Capital as follows:

- (i) WHDL: US\$150 million (equivalent to approximately HK\$1,172.3 million), representing 30% equity interest in the JV Co;
- (ii) PCIH: US\$225 million (equivalent to approximately HK\$1,758.4 million), representing 45% equity interest in the JV Co;
- (iii) BBPC: US\$50 million (equivalent to approximately HK\$390.8 million), representing 10% equity interest in the JV Co;
- (iv) IPPL: US\$25 million (equivalent to approximately HK\$195.4 million), representing 5% equity interest in the JV Co;
- (v) HPRY: US\$20 million (equivalent to approximately HK\$156.3 million), representing 4% equity interest in the JV Co;

(vi) SPL: US\$20 million (equivalent to approximately HK\$156.3 million), representing 4% equity interest in the JV Co; and

(vii) WCA: US\$10 million (equivalent to approximately HK\$78.2 million), representing 2% equity interest in the JV Co.

Capital Increase

Subsequent to the date of the JV Agreement, the JV Co may increase its capital by not more than US\$700 million (equivalent to approximately HK\$5.5 billion) and all JV Partners shall have right, but not obligation, to subscribe for new JV Shares in accordance with the terms of the JV Agreement.

In the event that any JV Partner chooses not to commit additional amount of capital under the Capital Increase, their equity interest in the JV Co will be diluted upon closing of the Capital Increase.

In the event that the Capital Increase takes place and WHDL opts to commit additional amount of capital under the Capital Increase, the Company will re-comply with the reporting, announcement and Shareholders' approval requirements if and when that is required under the Listing Rules.

Drawdown

The Committed Capital shall be drawn down in one or more capital calls by the JV Co and the JV Partners shall pay the JV Co such portion of the Committed Capital as requested by the JV Co from time to time in accordance with the terms of the JV Agreement.

Sources of financing

Apart from the equity contribution from the JV Partners, the JV Co and the Project Vehicles shall endeavor to obtain external financing, borrowings and credit facilities to finance the cash requirements under the relevant budget and business plan.

Investment committee

The initial investment committee of the JV Co shall consist of two members, of which one will be nominated by WHDL with 40% voting rights and the other one will be nominated by PCIH with 60% voting rights.

Approval of reserved matters by the investment committee

The reserved matters to be approved by the investment committee require at least 70% of voting rights, including but not limited to acquisition of and investment in Healthcare Projects, any asset enhancement plans of investment project(s) with investment cost between RMB50 million to RMB100 million; and commencement or settlement of any litigation, arbitration or other proceedings which are material in the context of its business.

Board of directors

The initial board of the JV Co shall consist of three directors. Each of WHDL, PCIH and BBPC will nominate one director to the initial board of the JV Co and be entitled to approximately 35.3%, 52.9% and 11.8% voting rights respectively.

Approval of reserved matters by the board

The reserved matters to be approved by the board require at least 60% of voting rights, including but not limited to any matter which is not approved by the investment committee, variation of capital expenditure plans and annual operating budget of any member of the JV Group being exceeded by more than 20%, direct or indirect sales or divestments of Healthcare Projects, incurring of external financing, and any asset enhancement plans of investment project(s) with investment cost of above RMB100 million.

Approval of reserved matters by the shareholders

The reserved matters to be approved by the shareholders of the JV Co require at least 75% of voting rights, including but not limited to the winding-up, liquidation, dissolution, judicial management or administration of the JV Group; any cession or change of the business of any member of the JV Group; any change to the equity capital structure of any member of the JV Group which has not already been approved by the investment committee; and the issue of securities by any member of the JV Group.

Payment of dividends and return of capital by the JV Co

Any payment of dividends (net of all fees payable) and return of capital by the JV Co shall be determined by the board of the JV Co and approved by the shareholders of the JV Co, and will be distributed or returned to the JV Partners pro rata to their respective aggregate capital that has been drawn.

The provision of management services to the JV Group

As part of the arrangement under the JV Agreement, the JV Co or a member of the JV Group will enter into:

- (i) an asset and project management agreement with the Manager in relation to the provision of asset management services and project management services by the Manager to the JV Group;
- (ii) property management agreement(s) with the Property Manager in relation to the provision of property management services by the Property Manager to the JV Group; and
- (iii) hotel management agreement(s) with the Hotel Manager in relation to the provision of hotel management services in respect of the Healthcare Project(s) by the Hotel Manager to the JV Group.

Term of the JV Agreement

Upon the date falling six years from the date of the JV Agreement or, if approved by the board of the JV Co, such later date falling within eight years from the date of the JV Agreement, the board of the JV Co shall determine an appropriate exit strategy or such other course of action.

FINANCIAL EFFECTS OF THE TRANSACTION

The JV Co will not become a subsidiary of the Company and shall be accounted for as an associate in the financial statements of the Group. Accordingly, the financial results, assets and liabilities of the JV Co will not be consolidated into the financial statements of the Group. The Group will finance the Commitment by internal resources.

INFORMATION ON THE COMPANY, OTHER JV PARTNERS AND THE JV CO

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.

WHDL is a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company with its principal business activity as investment holding.

PCIH is a company incorporated in Singapore and a wholly-owned subsidiary of PREH with its principal business activity as investment holding. PREH is a public company limited by shares which was incorporated in Singapore and is listed on the Singapore Exchange. PREH is principally engaged in real estate development and investment in healthcare business services focused predominantly on the PRC including medical, hospital, eldercare and senior housing, and maternal and child health management etc..

BBPC is a company registered under the laws of Thailand and with its principal business activity in corporate and SME banking with the country's largest retail customer base.

IPPL is a company incorporated in Singapore and with its principal business activity as investment holding.

HPRY is a company incorporated in the British Virgin Islands and with its principal business activity as investment holding.

SPL is a company incorporated in Singapore and with its principal business activity as investment holding.

WCA is a company incorporated in Singapore and with its principal business activity as investment holding.

The JV Co is a company incorporated in Singapore and an indirect wholly-owned subsidiary of PREH as at the date of the JV Agreement, with its principal business activity as investment holding. Currently, the JV Co does not hold any Healthcare Projects and does not have any material assets other than the Committed Capital. Upon subscription of the JV Shares by the JV Partners pursuant to the JV Agreement, the JV Co will initially be owned as to 30%, 45%, 10%, 5%, 4%, 4% and 2% by WHDL, PCIH, BBPC, IPPL, HPRY, SPL and WCA respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENT

The Transaction represents an excellent opportunity for the Group to expand and diversify its property investment portfolio through capitalizing upon the growing healthcare industry in the PRC. By investing in strategic locations along high-speed railway stations that enjoy superior connectivity within the PRC, the Group is entering the market with a highly experienced partner which possesses a strong development track record and tenant network for healthcare real estates. The joint venture will allow the Group to harness capital appreciation potentials over the long run, and its hospitality business will also benefit from the partnership as an extended provision for properties to be acquired or developed.

The Directors (including the independent non-executive Directors) consider that the Transaction is in the Group's ordinary and usual course of business, the terms of the Transaction are fair and reasonable, the Transaction is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

As none of the Directors has a material interest in the Transaction, none of the Directors was required to abstain from voting on the Board resolution approving the Transaction.

LISTING RULES IMPLICATIONS

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PCIH, being a JV Partner, is a wholly-owned subsidiary of PREH, which is the ultimate holding company with 100% interests in Perennial Singapore Investment Holdings Pte. Ltd. As Perennial Singapore Investment Holdings Pte. Ltd. is a substantial shareholder (as defined in the Listing Rules) of PSIPL, a significant subsidiary of the Company, PCIH is the Company's connected person at subsidiary level under the Listing Rules and the Transaction will also constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

However, by virtue of Rule 14A.101 of the Listing Rules, the Transaction is a connected transaction of the Company only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“BBPC”	Bangkok Bank Public Company Limited, a company incorporated in Thailand with limited liability, the shares of which are listed on the Thailand Exchange (Stock Code: BBL)
“Board”	the board of Directors
“Capital Increase”	an one time increase in the committed capital of the JV Co by not more than US\$700 million (approximately HK\$5.5 billion)
“Commitment”	US\$150 million (approximately HK\$1,172.3 million), being WHDL’s portion of the Committed Capital
“Committed Capital”	US\$500 million (approximately HK\$3.9 billion), being the capital committed to the JV Co by the JV Partners as at the date of the JV Agreement
“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)
“Director(s)”	the director(s), including independent non-executive director(s), of the Company
“Group”	the Company together with its subsidiaries
“Healthcare Project(s)”	potential real estate project(s) in the PRC predominantly for healthcare usage, with hotel and/or retails components, complemented by healthcare-related amenities, and include mixed use properties
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel Manager”	a hotel management company which will be jointly owned by the Group and a member of PREH

“HPRY”	HPRY Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“IPPL”	Imagine Properties Pte. Ltd., a company incorporated in Singapore with limited liability
“JV Agreement”	the joint venture agreement dated 3 January 2018 entered into by each of the JV Partners and the JV Co for the purpose of jointly investment in the Healthcare Project(s)
“JV Co”	Perennial HC Holdings Pte. Ltd., a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of PCIH as at the date of the JV Agreement, the new shares of which shall be issued and allotted to the JV Partners pursuant to the JV Agreement
“JV Group”	the JV Co together with the Project Vehicles
“JV Partners”	WHDL, PCIH, BBPC, IPPL, HPRY, SPL and WCA, and “JV Partner” shall refer to any of them
“JV Shares”	the ordinary shares in the capital of the JV Co
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manager”	an asset and project management company which will be jointly owned by the Group and a member of PREH
“PCIH”	Perennial China Investment Holdings Pte. Ltd., a company incorporated in Singapore with limited liability
“PRC”	the People’s Republic of China
“PREH”	Perennial Real Estate Holdings Limited, a company incorporated in Singapore with limited liability and the ultimate holding company of PSIPL and PCIH, the shares of which are listed on the Singapore Exchange (Stock Code: 40S)

“Project Vehicle(s)”	the company(ies) to be established by the JV Co through which the Healthcare Project(s) is / are acquired or developed
“Property Manager”	a property management company and a wholly-owned subsidiary of PREH
“PSIPL”	Perennial Somerset Investors Pte. Ltd., a company incorporated in Singapore with limited liability and is indirectly owned as to 70% and 30% by the Company and PREH respectively
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Singapore”	the Republic of Singapore
“Singapore Exchange”	the Singapore Exchange Securities Trading Limited
“SPL”	S1F Pte. Ltd., a company incorporated in Singapore with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Thailand”	the Kingdom of Thailand
“Thailand Exchange”	The Stock Exchange of Thailand
“Transaction”	the formation of joint venture, namely the JV Co, by the JV Partners pursuant to the JV Agreement
“US\$”	United States Dollar, the lawful currency of the United States of America
“WCA”	WCA Pte. Ltd., a company incorporated in Singapore with limited liability
“WHDL”	Wise Horizon Developments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

For the purpose of this announcement, unless the context otherwise requires, conversion of United States dollars into Hong Kong dollars is based on the approximate exchange rate of US\$1 to HK\$7.815, which is the middle rate of the selling rate and the buying TT rate published by the Hong Kong Association of Banks on the Business Day immediately preceding the date of this announcement. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in United States dollars or Hong Kong dollars have been, could have been or may be converted at such or any other rate or at all.

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

Hong Kong, 3 January 2018

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 Ng and Mr. Kevin Yip.