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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 IN RELATION TO THE ACQUISITION OF 30% EQUITY INTEREST IN PERENNIAL SOMERSET INVESTORS PTE. LTD.**

#### **THE SPA**

On 16 April 2020 (after trading hours), Simply Swift (as buyer) and the Vendor (as seller) entered into the SPA pursuant to which Simply Swift conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares (representing 30% of the total issued Target Ordinary Shares and 30% of the total issued Target Preference Shares) and the Sale Bonds (representing 30% of the total issued Target Junior Bonds) at the Consideration of S\$155,141,889 (equivalent to approximately HK\$850,798,119) (subject to Post-completion Accounts Adjustment) in cash, subject to the terms and conditions of the SPA.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the SPA is more than 5% but less than 25%, the entering into of the SPA constitutes a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Vendor is a substantial shareholder of the Target Company and therefore a connected person of the Company at the subsidiary level, the entering into of the SPA also constitutes a connected transaction of the Company. By virtue of Rule 14A.101 of the Listing Rules, since (i) the Vendor is a connected person of the Company at the subsidiary level; (ii) the Board has approved the SPA and the transactions contemplated thereunder; and (iii) the independent non-executive Directors have confirmed that the terms of the SPA are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the entering into of the SPA is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 25 January 2017 in relation to the acquisition of 70% equity interest in the Target Company. On 25 January 2017, Simply Swift (an indirect wholly-owned subsidiary of the Company) acquired 70% equity interest in the Target Company. Upon completion of that transaction, the Target Company became an indirect non-wholly-owned subsidiary of the Company and held as to 70% and 30% by Simply Swift and the Vendor, respectively.

The Board is pleased to announce that on 16 April 2020 (after trading hours), Simply Swift entered into the SPA in relation to the acquisition of the remaining 30% equity interest in the Target Company. The Target Company is a company incorporated in Singapore whose principal asset is the Property, a commercial landmark development located near Orchard Road in Singapore.

## **THE SPA**

### **Date**

16 April 2020

### **Parties**

- (1) Simply Swift (as buyer)
- (2) the Vendor (as seller)

The Vendor holds 30% equity interest in the Target Company, an indirect non-wholly-owned subsidiary of the Company, and is therefore a connected person of the Company at the subsidiary level.

### **Subject matter**

Subject to the terms and conditions of the SPA, Simply Swift conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares (representing 30% of the total issued Target Ordinary Shares and 30% of the total issued Target Preference Shares) and the Sale Bonds (representing 30% of the total issued Target Junior Bonds).

### **Purchase price**

The Consideration payable by Simply Swift to the Vendor under the SPA is the Base Consideration of S\$155,141,889 (equivalent to approximately HK\$850,798,119), comprising (i) S\$86,441,889 (equivalent to approximately HK\$474,047,319) in respect of the Sale Shares and (ii) S\$68,700,000 (equivalent to approximately HK\$376,750,800) in respect of the Sale Bonds, to be settled in cash in the following manner:

- (1) within five Business Days after Completion, S\$124,113,511 (equivalent to approximately HK\$680,638,494), representing 80% of the Base Consideration; and
- (2) within ten Business Days after the Settlement Date, the balance of the Base Consideration (subject to Post-completion Accounts Adjustment) (the “**Last Instalment**”).

The Base Consideration was determined after arm’s length negotiations, taking into account, among other things, (i) the current market value and condition of the Property and its future prospect; (ii) the total assets and liabilities of the Target Group other than the Property; and (iii) the equity interest in the Target Company that is represented by the Sale Shares.

It is intended that the Consideration will be settled by internal resources of the Group.

## **Conditions precedent**

Completion is conditional on the fulfilment (or, if applicable, waiver) of the following Conditions:

- (1) Simply Swift or the Company having obtained such consents or approvals as may be required by any governmental authority in Hong Kong to complete the transactions contemplated in the SPA;
- (2) all necessary consents or waivers from the relevant banks which have provided banking facilities to the Target Group which are required for the performance of the SPA or Completion having been obtained on terms and conditions reasonably satisfactory to Simply Swift and such consents or waivers not having been revoked or amended prior to Completion; and
- (3) the warranties given by the Vendor remaining true and accurate and not misleading in any material respect if they were repeated at Completion by reference to the facts and circumstances then existing.

The Condition set out in paragraph (1) cannot be waived. Simply Swift may at its discretion waive (in whole or in part and conditionally or unconditionally) the Condition set out in paragraph (3) by notice in writing to the Vendor. The Condition specified in paragraph (2) may be waived (in whole or in part and conditionally or unconditionally) only with the written consent of both parties.

If any Condition is not fulfilled or waived (as applicable) on or before 30 September 2020 (or such later as the parties may agree in writing), the SPA will terminate and no party can claim against the other party, except in respect of any antecedent breach of the terms of the SPA.

## **Completion**

Completion will take place on the later of (i) 31 May 2020 or (ii) the fifth Business Day after the date on which all the Conditions are fulfilled or waived (as applicable), or such other date as the parties may agree in writing.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the consolidated financial statements of the Group.

## **Post-completion Accounts Adjustment**

As soon as practicable after Completion, an internationally recognised accounting firm will be appointed to audit the Completion Accounts for the purpose of determining the Completion NAV Amount, pursuant to the SPA. The Completion NAV Amount will take into account, among other things, the value of the Property with reference to its total net strata area, and other assets and liabilities of the Target Group as at Completion.

Pursuant to the SPA, the Consideration is subject to the Post-completion Accounts Adjustment, which provides that if the Completion NAV Amount is:

- (1) more than the Base Consideration, Simply Swift will pay to the Vendor an amount equal to such excess on a dollar-for-dollar basis, subject to a cap of S\$3,000,000 (equivalent to approximately HK\$16,452,000), and such payment will be added to the balance of the Base Consideration payable by it to the Vendor in the Last Instalment;
- (2) less than Base Consideration, the Vendor will pay to Simply Swift an amount equal to such shortfall on a dollar-for-dollar basis and such payment will be deducted from the payment of the balance of the Base Consideration payable by Simply Swift to it in the Last Instalment; or
- (3) equal to the Base Consideration, no adjustment is required to be made to the amount of payment of the balance of the Base Consideration payable by Simply Swift to the Vendor in the Last Instalment.

## **INFORMATION ON THE GROUP AND SIMPLY SWIFT**

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.

Simply Swift is an investment holding company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company.

## **INFORMATION ON THE VENDOR**

The Vendor is a wholly-owned subsidiary of Perennial Real Estate Holdings Limited, a company listed on the Mainboard of Singapore Exchange Securities Trading Limited. It is a company incorporated in Singapore with limited liability, and is principally engaged in investment holding.

## INFORMATION ON THE TARGET COMPANY AND THE PROPERTY

The Target Company is a company incorporated in Singapore with limited liability and its principal asset is the Property. Set out below is the consolidated financial information of the Target Group for the two years ended 31 December 2019:

	For the year ended 31 December	
	2018	2019
	(audited)	(unaudited)
	S\$'000	S\$'000
Net profit before taxation	765	4,459
Net profit after taxation	905	4,112
Net asset value ( <i>Note</i> )	101,530	105,642

*Note:* Net asset value of the Target Group is the value of its total assets net of its total liabilities. For accounting purposes, the Target Junior Bonds are treated as liabilities of the Target Group.

The original acquisition cost of the Sale Shares and the Sale Bonds to the Vendor was S\$97,485,300 in aggregate.

### The Property

The Property, namely 111 Somerset, is a 17-storey commercial landmark development situated at 111 Somerset Road, Singapore, which is within the renowned Orchard Road precinct and next to the Somerset MRT station. With gross floor area of approximately 766,550 square feet, it comprises 15 storeys of premium strata office units on two towers, 2 levels of retail podium and 2 levels of basement car park with average occupancy rates of 64.3%, 39% and 75.1% for office, medical suites and retail, respectively, as at 31 December 2019. The Property has recently completed an extensive asset enhancement program.

## REASONS FOR AND BENEFITS OF ENTERING INTO THE SPA

The proposed acquisition under the SPA will allow the Group to increase its interest in the Target Company to 100%, thereby enhancing control over the management and operations of the Target Company and the Property, and offering greater flexibility in business strategy to the Group. The Target Company is expected to provide the Group with a balance of recurring income, long term capital appreciation and currency diversification.

Having regard to the reasons for and benefits of the proposed acquisition, the Directors (including the independent non-executive Directors) are of the view that the terms of the SPA (including the Consideration payable) have been reached after arm's length negotiations among the parties and are on normal commercial terms or better which are fair and reasonable, and in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the SPA or is required to abstain from voting on the relevant resolution(s) of the Board.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the SPA is more than 5% but less than 25%, the entering into of the SPA constitutes a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Vendor is a substantial shareholder of the Target Company and therefore a connected person of the Company at the subsidiary level, the entering into of the SPA also constitutes a connected transaction of the Company. By virtue of Rule 14A.101 of the Listing Rules, since (i) the Vendor is a connected person of the Company at the subsidiary level; (ii) the Board has approved the SPA and the transactions contemplated thereunder; and (iii) the independent non-executive Directors have confirmed that the terms of the SPA are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the entering into of the SPA is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

**Completion is subject to the fulfilment of a number of conditions, and may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

“Base Consideration”	S\$155,141,889 (equivalent to approximately HK\$850,798,119)
“Board”	the board of Directors

“Business Day”	a day (other than a Saturday or Sunday) on which Hong Kong and Singapore clearing banks are open for the transaction of normal banking business
“BVI”	the British Virgin Islands
“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”	completion of the acquisition of the Sale Shares and the Sale Bonds in accordance with the terms and conditions of the SPA
“Completion Accounts”	the consolidated balance sheet of the Target Group as at the Completion Date
“Completion Date”	the date of Completion
“Completion NAV Amount”	the net asset value of the Target Group as at Completion
“Conditions”	the conditions precedent set out in the section headed “The SPA – Conditions precedent” in this announcement
“Consideration”	the Base Consideration, subject to the Post-completion Accounts Adjustment
“Director(s)”	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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange



“Post-completion Accounts Adjustment”	adjustment to the Consideration with reference to the Completion NAV Amount, details of which are more particularly described in the section headed “The SPA – Post-completion Accounts Adjustment” in this announcement
“Property”	a 17-storey development known as 111 Somerset situated at 111 Somerset Road, Singapore
“S\$”	Singapore dollars, the lawful currency of Singapore
“Sale Bonds”	Target Junior Bonds for an aggregate principal amount of S\$68,700,000 (equivalent to approximately HK\$376,750,800), representing 30% of the total issued Target Junior Bonds, and inclusive of any unpaid accrued interest in respect of such Target Junior Bonds on the Completion Date
“Sale Shares”	687,000 Target Ordinary Shares and 687,000 Target Preference Shares, representing 30% of the total issued Target Ordinary Shares and 30% of the total issued Target Preference Shares, respectively
“Senior Loan Facilities”	certain bank loan facilities granted by certain financial institutions in Singapore to Perennial (Somerset) Pte. Ltd., an indirect wholly-owned subsidiary of the Target Company
“Settlement Date”	the date on which the audited Completion Accounts are issued and the Completed NAV Amount is determined and agreed upon between Simply Swift and the Vendor in writing with reference to the audited Completion Accounts
“Simply Swift”	Simply Swift Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Singapore”	the Republic of Singapore

“SPA”	a sale and purchase agreement dated 16 April 2020 entered into between Simply Swift and the Vendor in relation to the acquisition of the Sale Shares and the Sale Bonds
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Perennial Somerset Investors Pte. Ltd., a company incorporated in Singapore with limited liability and the owner of the Property
“Target Group”	the Target Company and its subsidiaries
“Target Junior Bonds”	bearer bonds comprising S\$229,000,000 junior bonds issued by the Target Company
“Target Ordinary Shares”	issued ordinary shares in the capital of the Target Company
“Target Preference Shares”	issued redeemable preference shares in the capital of the Target Company
“Vendor”	Perennial Singapore Investment Holdings Pte. Ltd., a company incorporated in Singapore with limited liability
“%”	Percent

*In this announcement, unless the context otherwise requires, the terms “connected person(s)”, “connected transaction(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.*

*For the purpose of this announcement, unless the context otherwise requires, conversion of Singapore dollars into Hong Kong dollars is based on the exchange rate of S\$1 to HK\$5.484, 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 amount in Singapore 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, 16 April 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.*