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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 TRANSACTION IN RELATION TO ACQUISITION OF CERTAIN EQUITY INTEREST IN A LISTED COMPANY

THE ACQUISITION

The Board is pleased to announce that on 17 April 2021, the Buyer and the Seller entered into the Framework Agreement, pursuant to which the Buyer has conditionally agreed in principle to acquire, and the Seller has conditionally agreed in principle to sell, the Sale Shares representing approximately 16.93% of the total issued share capital of the Target Company, for a total cash consideration of approximately HK\$516 million.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Further announcement will be made by the Company in relation to the Acquisition when the Formal Agreement is entered into by the parties.

INTRODUCTION

The Board is pleased to announce that on 17 April 2021, the Buyer and the Seller entered into the Framework Agreement, pursuant to which the Buyer has conditionally agreed in principle to acquire, and the Seller has conditionally agreed in principle to sell, the Sale Shares representing approximately 16.93% of the total issued share capital of the Target Company, for a total cash consideration of approximately HK\$516 million.

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are set out below:

Date

17 April 2021

Parties

- (1) the Buyer, a wholly-owned subsidiary of the Company; and
- (2) the Seller.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller and its ultimate beneficial owner are Independent Third Parties.

Subject Matter

Pursuant to the Framework Agreement, the Buyer has conditionally agreed in principle to acquire, and the Seller has conditionally agreed in principle to sell, the Sale Shares representing approximately 16.93% of the total issued share capital of the Target Company.

For details of the Target Company and the Target Group, please refer to the section headed "Information on the Target Company and the Target Group" below.

Consideration and Payment Terms

The total consideration for the Sale Shares shall be approximately HK\$516 million (equivalent to HK\$0.61 per Sale Share), which shall be payable by the Buyer to the Seller in cash at Completion.

Basis of the Consideration

The consideration for the Sale Shares was determined after arm's length negotiations between the parties to the Framework Agreement, and with reference to a number of factors including but not limited to (i) the historical price movement of the Target Shares; (ii) the net asset value of the Target Group as at 31 December 2020; and (iii) the historical financial performance and future business prospect of the Target Group.

The consideration of HK\$0.61 per Sale Share represents: (i) a 21.8% discount over the closing price of HK\$0.78 per Target Share as quoted on the Stock Exchange on the last trading day before the date of the Framework Agreement; (ii) 19.7% discount over the average closing price of approximately HK\$0.76 per Target Share as quoted on the Stock Exchange over the last 20 trading days up to and including the last trading day before the date of the Framework Agreement; and (iii) 30.7% discount over the net asset value per Target Share of approximately HK\$0.88 as at 31 December 2020.

Conditions Precedent

Completion is conditional on the fulfilment or waiver of the following conditions:

- (i) the Seller and the Buyer shall assist the Target Company to obtain all necessary approvals or consents from the relevant regulatory authorities in connection with the Acquisition; and
- (ii) all other conditions precedent set out in the Formal Agreement (unless any of which is otherwise waived by the Buyer).

The above conditions are expected to be satisfied or waived on or before the 45th day after the date of the Formal Agreement (or such other date as the Buyer and the Seller may agree in writing in accordance with the requirements under the Formal Agreement).

Completion

Completion shall take place on the second business day after the date on which the last of the conditions set out in the section headed "Principal Terms of the Framework Agreement – Conditions Precedent" above is fulfilled or waived, or such other time as the Buyer and the Seller may agree.

Board representation in the Target Company

Pursuant to the Framework Agreement, the Seller shall procure the approval of the appointment of a representative to be nominated by the Buyer as a director of the Target Company with effect from Completion in a board meeting of the Target Company on the date of Completion.

Exclusivity

During the Due Diligence Period, the Seller shall not, and shall procure that its affiliates shall not, approach other investors in any way in connection with the sale of the Sale Shares (including but not limited to negotiation on or signing of any memorandum, letter of intent or other agreement whether with legal effect or not), provided that such restriction shall not apply to the other Target Shares (other than the Sale Shares) held by the Seller as at the date of the Framework Agreement.

Due Diligence and Formal Agreement

During the Due Diligence Period, the Buyer shall perform customary due diligence review of the Target Company. The Seller shall use its reasonable endeavors to, and shall procure the Target Company to, provide reasonable assistance to the Buyer and its professional advisers in connection with such due diligence review, and to provide documents and replies within a reasonable time pursuant to any reasonable enquiry or request raised by the Buyer and its professional advisers.

Subject to completion of the due diligence review and the results of which to the satisfaction of the Buyer, the Buyer shall inform the Seller in writing and the parties shall enter into the Formal Agreement in relation to the Acquisition within two to three weeks thereafter, provided that the Framework Agreement shall terminate if the Buyer is not satisfied with the results of the due diligence review.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Over the past years, the Group has embarked on multi-discipline and cross-sectoral growth, promoting value in projects through diversification based on an integrated “Tourism Plus” approach.

The Target Group is one of the most established and influential media entities with an international viewership. It is a mass media entertainment conglomerate that commands leadership in multimedia production, internet media, digital and cultural content.

Following the Acquisition, the Group shall benefit from advanced insights and on-the-pulse perspectives gained, that can complement its vision of enriching its tourism-based offerings across China.

Taking into consideration the reasons for and benefits of the Acquisition to the Company, the Directors (including the independent non-executive Directors) are of the view that the terms of the Framework Agreement and the Acquisition, including the basis of calculation of the 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 the Shareholders as a whole. No Directors had any material interest in the Acquisition nor were required to abstain from voting on the Board resolutions in respect of the Acquisition.

INFORMATION ON THE TARGET COMPANY AND THE TARGET GROUP

The Target Company and Target Group

The Target Company is a company incorporated in the Cayman Islands with limited liability, with its shares listed on the Stock Exchange (Stock Code: 2008). The Target Company is an investment holding company and through its subsidiaries, is a leading Chinese satellite television operator broadcasting in the PRC as well as worldwide. Apart from satellite television broadcasting, the Target Group has a diversified business portfolio covering internet media, outdoor media, animated comics, games, digital technologies, creative cultural, cloud technology services, education, exhibitions and other fields.

Financial Information of the Target Company

The summary of the audited consolidated financial information of the Target Company for the financial years ended 31 December 2019 and 2020 is as follows:

	For the year ended 31 December 2019 <i>HK\$'000</i>	For the year ended 31 December 2020 <i>HK\$'000</i>
Net profit/(loss) before taxation	836,696	(1,620,851)
Net profit/(loss) after taxation	584,228	(1,496,493)

As at 31 December 2020, the audited consolidated net assets of the Target Company were approximately HK\$5,878.2 million.

GENERAL INFORMATION ON THE GROUP 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 Hong Kong with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in general investment.

INFORMATION ON THE SELLER

The Seller is a company incorporated in Hong Kong with limited liability. It is an investment holding company wholly-owned by Mr. Liu Changle.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Further announcement will be made by the Company in relation to the Acquisition when the Formal Agreement is entered into by the parties.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares by the Buyer from the Seller pursuant to the terms and conditions of the Framework Agreement
“Board”	the board of Directors
“Buyer”	Common Sense Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

“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 the Acquisition
“Director(s)”	the director(s), including independent non-executive director(s), of the Company
“Due Diligence Period”	the period of 30 days commencing on the day after the date of the Framework Agreement
“Formal Agreement”	a formal sale and purchase agreement in respect of the Acquisition to be entered into by the parties to the Framework Agreement
“Framework Agreement”	a framework agreement dated 17 April 2021 entered into between the Buyer and the Seller in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	845,441,505 Target Shares, representing approximately 16.93% of the total issued share capital of the Target Company as at the date of this announcement

“Seller”	Today’s Asia Limited, a company incorporated in Hong Kong with limited liability
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“Target Company”	Phoenix Media Investment (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 2008)
“Target Group”	the Target Company and its subsidiaries
“Target Shares”	ordinary shares of the Target Company
“%”	percent

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

Hong Kong, 18 April 2021

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.