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**SHUN HO TECHNOLOGY  
HOLDINGS LIMITED**

**順豪科技控股有限公司**

*(incorporated in Hong Kong*

*with limited liability)*

**(Stock Code: 219)**

**Major Transaction**



**SHUN HO RESOURCES  
HOLDINGS LIMITED**

**順豪資源集團有限公司**

*(incorporated in Hong Kong*

*with limited liability)*

**(Stock Code: 253)**

**Very Substantial Acquisition  
and  
Discloseable Transaction**



**MAGNIFICENT  
ESTATES LIMITED**

**華大地產投資有限公司**

*(incorporated in Hong Kong*

*with limited liability)*

**(Stock Code: 201)**

**Very Substantial Disposal  
and  
Connected Transaction**

**JOINT ANNOUNCEMENT**

**GROUP RE-ORGANIZATION OF  
SHUN HO GROUP'S INTERESTS  
IN COMMERCIAL PROPERTIES INVOLVING**

**(1) ACQUISITION OF MAGNIFICENT ESTATES LIMITED'S  
INTERESTS IN COMMERCIAL PROPERTIES**

**(2) PROPOSED DISTRIBUTION BY MAGNIFICENT ESTATES LIMITED**

**AND**

**(3) DEEMED DISPOSAL OF THE SHR GROUP OF APPROXIMATELY 4.0%  
OF THE EQUITY INTERESTS IN SHT**

**INTRODUCTION**

The Transaction is an effective re-organization of the SHR Group comprising the SHT Group and MEL Group and will unlock shareholder's value for MEL Shareholders through streamlining the business of MEL. The Transaction will result in MEL becoming a listed company focusing on the investments, developments, management and operation of hotels and SHT Group specializing in commercial property investments while maintaining its investment in hotel assets through investment holding of MEL.

The interest of the majority shareholder and other shareholders of MEL are aligned in the Transaction. Since the exchange ratio for the SHT Shares conferred under the Share Entitlement Note and the Consideration for the sale and purchase of the Sale Companies and Shareholder's Loan are all based on the net asset value of the underlying assets, the Transaction will end up MEL Shareholders having the same position before and after the Transaction in terms of economic interest in the fair value of net assets (namely, holding shares in SHT which is principally engaged in commercial property investments and investment holding in the MEL Group which focuses on hotel investments and operations plus maintaining same shareholding in MEL), therefore benefiting from the improved corporate structure and clear delineation of business.

In summary, the objectives of the Transaction are to:

- 1 unlock shareholder's value through greater transparency and coherence to business focus;
- 2 enhance the operation efficiency and management of the SHT Group and MEL Group through delineation of business; and
- 3 enable MEL Shareholders to maintain economic interest in the unlisted Property Interests through holding listed SHT Shares after the Proposed Distribution.

Following Completion, MEL will remain a listed company and the Remaining Group will focus on hotel operations. The Remaining Group's business currently comprises interest in six operating hotels and one hotel under development in Hong Kong and the PRC. SHT will have investments in commercial properties and interests in the hotel assets through the MEL Group. Shareholders of MEL will have interest in both companies after the Proposed Distribution.

#### **PROPOSED NEW NAME OF SHT AND MEL**

It is proposed that subject to and after Completion SHT will change its name to Shun Ho Property Investments Limited and MEL will change its name to Magnificent Hotel Investments Limited to reflect the respective business profiles of the two companies after the re-organization.

#### **RESUMPTION OF PAYMENT OF DIVIDEND BY SHT**

The SHT Board intends to resume dividend payment by SHT and propose the adoption of a dividend payment policy in line with that of MEL after Completion of the re-organization.

## **SALE AND PURCHASE OF THE PROPERTY INTERESTS**

On 25 March 2015, SHT and MEL entered into the Sale and Purchase Agreement pursuant to which the SHT Group agrees to acquire from the MEL Group the Property Interests, being MEL's entire 100% interest in the office building at 633 King's Road and 68% interest in Shun Ho Tower, through acquisition of its interests in the Sale Companies and the Shareholder's Loan.

Based on the fair value of the Property Interests the Consideration is set at approximately HK\$2,413 million. The consideration shall be satisfied by the issue to MEL of the Share Entitlement Note, which shall confer on the holder the right to call for the issue by SHT of 147,626,347 SHT Shares credited as fully paid.

## **PROPOSED DISTRIBUTIONS BY MEL**

The MEL Board proposes to recommend for approval by MEL Shareholders upon Completion, for each MEL Share a distribution of the entitlement to 0.0165 SHT Share to be allotted under the Share Entitlement Note.

Out of the distribution of the entitlement to up to 147,626,347 SHT Shares, SHT and its subsidiaries would have an entitlement to up to 104,949,660 SHT Shares (based on their current holding of 6,360,585,437 MEL Shares). Such entitlement will be cancelled upon distribution to SHT and its subsidiaries and the SHT Shares relating thereto will not be allotted. Accordingly, only up to 42,676,687 SHT Shares will be allotted and issued to the MEL Independent Shareholders. The 42,676,687 SHT Shares represent approximately 7.95% of the existing issued share capital of SHT, and approximately 7.36% of the issued share capital of SHT as enlarged by the issue of such SHT Shares.

## **VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION FOR MEL**

The Transaction constitutes a very substantial disposal and connected transaction for MEL, and is therefore subject to approval by the MEL Independent Shareholders at the MEL EGM.

## **VERY SUBSTANTIAL ACQUISITION AND DISCLOSEABLE TRANSACTION FOR SHR**

The Transaction constitutes a very substantial acquisition and the Deemed Disposal constitutes a discloseable transaction for SHR under the Listing Rules.

## **MAJOR TRANSACTION FOR SHT**

The Transaction constitutes a major transaction for SHT under the Listing Rules.

**Shareholders of SHR, SHT and MEL and potential investors should note that the Transaction and the Proposed Distribution may or may not proceed as they are subject to a number of conditions, which may or may not be fulfilled. Shareholders of SHR, SHT and MEL and potential investors are reminded to exercise caution when dealing in the securities of SHR, SHT and MEL.**

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## **INTRODUCTION**

The Transaction is an effective re-organization of SHR Group comprising the SHT Group and MEL Group and will unlock shareholder's value for MEL Shareholders through streamlining the business of MEL. The Transaction will result in MEL becoming a listed company focusing on hotel operations and SHT Group specializing in commercial property investments while maintaining its investment in hotel assets through investment holding of MEL.

The interest of the majority shareholder and other shareholders of MEL are aligned in the Transaction. Since the exchange ratio for the SHT Shares conferred under the Share Entitlement Note and the Consideration for the sale and purchase of the Sale Companies and Shareholder's Loan are all based on the fair value of the underlying assets, the Transaction will end up MEL Shareholders having the same position before and after the Transaction in terms of economic interest in the fair value of net assets, but benefiting from the improved corporate structure and clear delineation of business.

## **THE SALE AND PURCHASE AGREEMENT**

### **Date**

25 March 2015

### **Parties**

SHT

MEL

## The Transaction

The Transaction involves the acquisition by the SHT Group from the MEL Group the Property Interests, being MEL Group's entire 100% interest in the 633 King's Road Property and 68% interest in Shun Ho Tower, through acquisition of the Sale Shares together with the Shareholder's Loan. The Sale Companies, whose principal business activity is investment holding in the Property Interests, are subsidiaries of MEL. Under the Sale and Purchase Agreement, MEL will sell its entire 100% interest in Houston Venture for a consideration of approximately HK\$2,016.8 million and procure the sale of its entire 68% indirect interest in Trans-Profit together with the Shareholder's Loan for a consideration of approximately HK\$396.2 million to SHT.

MEL Group currently holds 100% interest in the 633 King's Road Property through its wholly owned subsidiary, Tennyland which is wholly owned by Houston Venture. The 633 King's Road Property is a 31-storey commercial building with carparks located at 633 King's Road, North Point with a total gross floor area of 258,384 sq.ft.. The property is held by the MEL Group as investment property which yielded rental income of approximately HK\$73.9 million and HK\$89.4 million for the year ended 31 December 2013 and 2014, respectively. The 633 King's Road Property was valued at HK\$2,170 million at 31 December 2014 by DTZ Debenham.

As at the date of this announcement, Houston Venture also holds other assets which are unrelated to the Property Interests through three wholly-owned subsidiaries, namely the Excluded Companies. Pursuant to the Sale and Purchase Agreement, Houston Venture shall transfer or dispose of its entire interests in the Excluded Companies on or before Completion to MEL or any of its wholly-owned subsidiaries. Accordingly, upon Completion Houston Venture's principal asset is its 100% interest in Tennyland.

Set out below is certain audited financial information of Tennyland for each of the two financial years ended 31 December 2013 and 2014:

	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK'000</i>
Net assets as at 31 December	<b>2,016,842</b>	1,936,980
Profit before taxation	<b>93,656</b>	328,197
Profit after taxation	<b>79,863</b>	314,225

The consideration for the sale and purchase of 100% interest in Houston Venture represents the net asset value of Tennyland as at 31 December 2014.

Trans-Profit, the legal and beneficial owner of Shun Ho Tower, is owned as to 68% by the MEL Group, 25% directly by SHT and 7% by a direct wholly-owned subsidiary of SHR. The Transaction involves the acquisition of MEL Group's entire 68% interest in Trans-Profit by SHT together with the Shareholder's Loan. Shun Ho Tower is a 24-storey commercial building located at Nos. 24–30 Ice House Street, Central, Hong Kong. Shun Ho Tower has a total gross floor area of 54,312 sq.ft. and is held by the MEL Group as investment property which yielded rental income of approximately HK\$20.3 million and HK\$21.6 million for the year ended 31 December 2013 and 2014, respectively. Shun Ho Tower was valued at HK\$587 million at 31 December 2014 by DTZ Debenham.

Set out below is certain audited financial information of Trans-Profit for each of the two financial years ended 31 December 2013 and 2014:

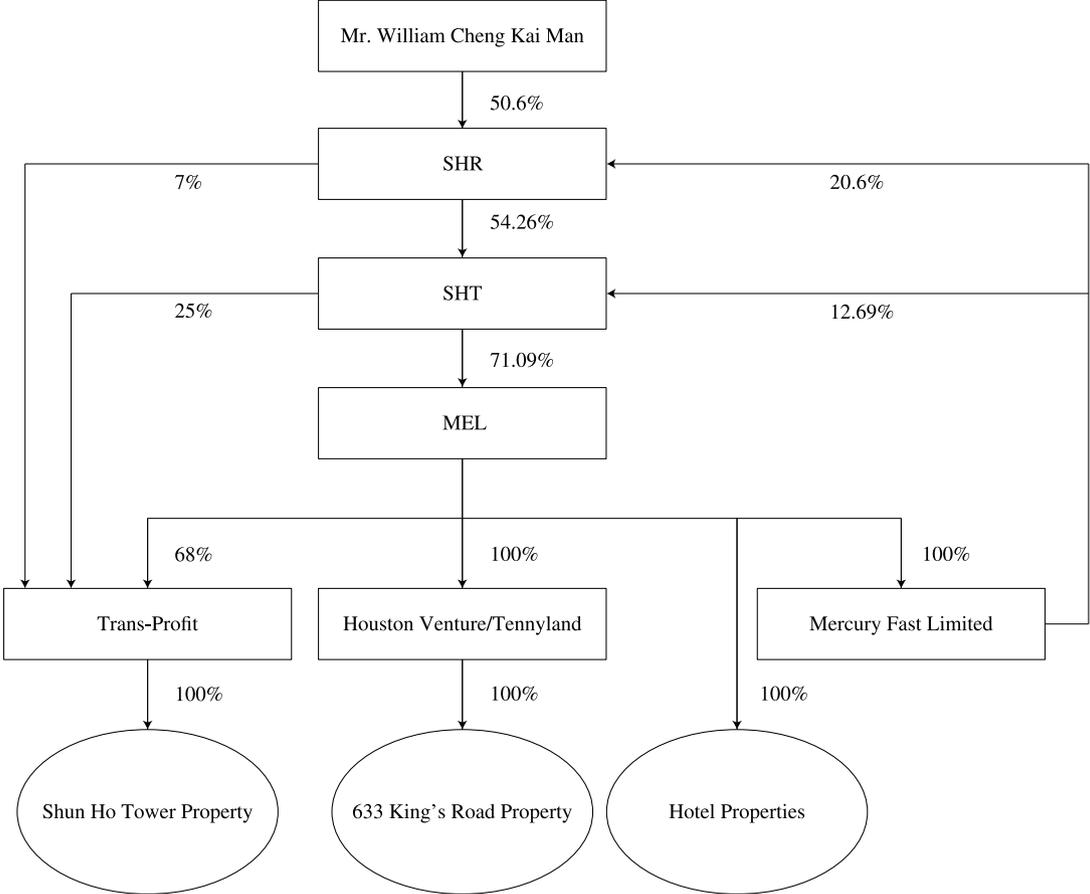
	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Net assets as at 31 December	<b>388,054</b>	469,551
Profit before taxation	<b>33,481</b>	21,798
Profit after taxation	<b>30,936</b>	19,841

The consideration for the sale and purchase of MEL's 68% interest in Trans-Profit represents the aggregate of MEL's 68% attributable interest in the net asset value of Trans-Profit as at 31 December 2014 and the Shareholder's Loan which amounted to approximately HK\$132.3 million as at 31 December 2014.

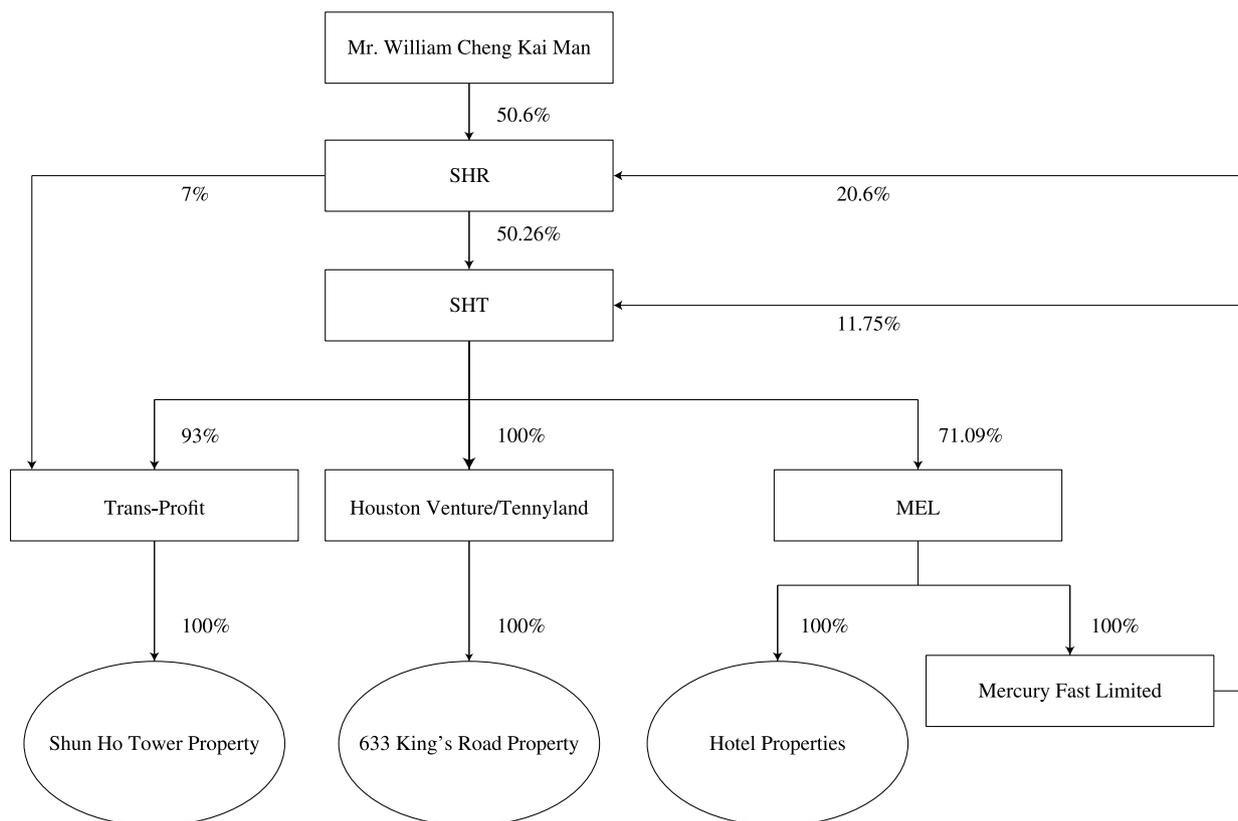
The Sale Companies and their subsidiaries will cease to be subsidiaries of MEL following Completion. The Sales Companies will continue to be subsidiaries of SHT and in turn indirect subsidiaries of SHR following Completion.

A simplified overview of the approximate shareholding interest between SHR, SHT, MEL and the Sale Companies as at the date of this announcement and upon Completion are set out below:

*As at the date of this announcement:*



Upon completion:



## Consideration

The total consideration for the sale and purchase of the Sale Shares and the Shareholder's Loan of HK\$2,413,053,000 will be satisfied by the issue to MEL of the Share Entitlement Note, which shall confer on the holder the right to call for the issue by SHT of 147,626,347 SHT Shares credited as fully paid. The SHT Shares to be issued pursuant to the Share Entitlement Note implies an issue price of approximately HK\$16.35 per SHT Share which is slightly lower than the adjusted net asset value per SHT Share as detailed below. The total number of consideration SHT Shares to be issued are determined by the parties by reference to the adjusted net asset value of SHT Shares, the fair value of the Sale Shares and Shareholder Loan and the distribution ratio of 0.0165 SHT Share for every MEL Share (8,947,051,324 MEL Shares in issue as of the date hereof) under the Proposed Distribution.

The net assets excluding non-controlling interests before revaluation on all property assets of the SHT Group as at 31 December 2014 amounted to approximately HK\$4,631,277,000. And the net assets excluding non-controlling interests after revaluation on all property assets of the SHT Group as at 31 December 2014 amounted to approximately HK\$8,784,859,000 on taking into account the revaluation of the property assets of the MEL Group in which the SHT Group has a 71.09%

attributable interest. The revaluation surplus of the property assets totaled approximately HK\$5,842,593,000 comprising (i) approximately HK\$5,821,337,000 from the six operating hotels and the new hotel under development of the MEL Group as detailed below; (ii) approximately HK\$21,256,000 from the portion of Shun Ho Tower retained for own use as office of the SHR Group. According to HKFRSs, such property assets are classified as fixed assets and their carrying amounts are not marked to valuation. The adjusted net asset value per SHT Share as at 31 December 2014 was approximately HK\$16.36. The property assets of the MEL Group were valued by DTZ Debenham.

SHT has undertaken that, before the Share Entitlement Note is issued and while any SHT Share remains to be issued pursuant to the Share Entitlement Note, it will not take any actions which will have a dilutive effect on the market price per share in SHT, including sub-division of SHT Shares, capitalization of profits or reserves, capital distributions in cash or specie and rights issues.

### **Share Entitlement Note**

#### ***Issuer***

Duplexway Limited, a wholly-owned subsidiary of SHT

#### ***Guarantor***

SHT

#### ***Entitlement***

The Share Entitlement Note confers on the holder the Allotment Right. The Share Entitlement Note procured to be issued by SHT to MEL at Completion will carry an Allotment Right for 147,626,347 SHT Shares.

Any SHT Shares to be issued pursuant to the Share Entitlement Note will be issued credited as fully paid and rank *pari passu* in all respects among themselves and with all other SHT Shares outstanding as at the date of issue and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of issue. If those SHT Shares do not rank for any dividend payable based on any record date which is on or after the date of the Sale and Purchase Agreement due to such SHT Shares being issued after such record date, the holder of such SHT Shares will be entitled to be paid by SHT an amount which is equal to such dividend.

### ***Transferability and exercise***

The Share Entitlement Note may be assigned once only upon consummation of the Proposed Distribution, and the Allotment Right thereunder is deemed to be automatically exercised upon such assignment, so that the relevant SHT Shares will be automatically issued to the relevant MEL Shareholders. Accordingly, the MEL Shareholders will not receive the Share Entitlement Note, but will receive SHT Shares directly, under the Proposed Distribution. However, any Share Entitlement Note assigned to SHT or any of its subsidiaries will be automatically cancelled and the Allotment Right thereunder will be automatically extinguished, and therefore they will not receive any SHT Shares under the Proposed Distribution. Specific mandate to issue shares under the Share Entitlement Note will be sought from SHT Shareholders at an extraordinary general meeting SHT to be held by SHT.

The issue and assignment of the Share Entitlement Note, the automatic exercise of the Allotment Right and issue of SHT Shares upon assignment of the Share Entitlement Note to MEL Independent Shareholders, the automatic cancellation and extinguishment of the Allotment Right upon assignment of the Share Entitlement Note to SHT and the Proposed Distribution will occur simultaneously upon Completion. As far as MEL Independent Shareholders are concerned, those whose names appear on the Record Date will receive their entitlement to the SHT Shares subject to Completion. An expected timetable will be set out in the circular to be issued.

As the Share Entitlement Note is to be issued to MEL (which is not a connected person of SHT) in satisfaction in part of the consideration payable by SHT under the Transaction, any issue of SHT Shares or payment pursuant thereto upon distribution of the Share Entitlement Note by MEL to any MEL Shareholder who happens to be a connected person of SHT will not constitute a connected transaction under the Listing Rules as the distribution is to be made by MEL and there is no transaction between SHT and such persons.

### ***Validity period***

The Share Entitlement Note remains valid until the Allotment Right is or is deemed to be exercised or cancelled.

### ***Listing***

No application will be made for the listing of the Share Entitlement Note. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, any new SHT Shares which may be issued pursuant to exercise of the Allotment Right.

## Conditions to Completion

Completion of the Transaction is conditional upon the fulfilment (or waiver, in certain cases as stated below) of the following Conditions:

- (a) the obtaining of all relevant third party consents or approvals by SHT as are necessary for the purpose of the Transaction;
- (b) the obtaining of all relevant third party consents or approvals by MEL, the Sale Companies and their subsidiaries as are necessary for the purpose of the Transaction;
- (c) there being no material breach of the warranties in or any other term of the Sale and Purchase Agreement on the part of MEL;
- (d) the obtaining of the approval of the MEL Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder and the Proposed Distribution at the MEL EGM;
- (e) the obtaining of the approval of the shareholders of SHT in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder and the issue of the SHT Shares which may be issued pursuant to the Share Entitlement Note at the SHT EGM;
- (f) the obtaining of the approval of the shareholders of SHR in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder at the SHR EGM; and
- (g) approval being granted or agreed to be granted by the Stock Exchange for the listing of, and permission to deal in, all SHT Shares which may be issued pursuant to the Share Entitlement Note on terms and conditions satisfactory to SHT and MEL.

MEL may at any time waive in writing the Condition set out in (b) (in so far as consents and approvals in respect of MEL are concerned) above either in whole or in part and such waiver may be made subject to such terms and conditions as MEL may require. SHT may at any time waive in writing either of the Conditions set out in (a) and (c) above either in whole or in part and such waiver may be made subject to such terms and conditions as SHT may require. SHT and MEL may together waive by agreement in writing the Condition set out in (b) (other than in relation to consents and approvals in respect of MEL) above either in whole or in part and such waiver may be made subject to such terms and conditions as they may agree.

If any Condition has not been fulfilled or waived on or before 30 June 2015 (or such later date as is otherwise agreed between the parties in writing), the Sale and Purchase Agreement shall terminate and be of no further effect, and no party shall be entitled to any rights or benefits or be under any obligation under or in respect of the Sale and Purchase Agreement or have any liability to the other party, save in respect of any antecedent breach.

### **Warranties and indemnities**

Customary warranties (including those in relation to title to assets, record keeping and compliance with law and material contracts) have been given by MEL to SHT pursuant to the Sale and Purchase Agreement.

MEL has also warranted that, as at Completion, the total net assets value of Tennyland shall not be less than HK\$2,016,842,000 and the total net assets value of Trans-Profit shall not be less than HK\$388,054,000 and that the Shareholder's Loan of approximately HK\$132,334,000 shall be assigned in full to SHT.

### **Completion**

The Sale and Purchase Agreement provides that Completion will take place on the Completion Date.

### **PROPOSED DISTRIBUTION**

The Transaction is in substance a re-organization of the business of the MEL Group and SHT Group for clear delineation of business. By the Proposed Distribution, shareholders of MEL will receive shares in SHT which will own interests in commercial properties and through the MEL Group interest in the hotels. The Proposed Distribution will end up MEL Shareholders having the same position before and after the Transaction in terms of economic interest in the fair value of net assets (holding shares in SHT which is principally engaged in commercial property investments and through the MEL Group in hotel investments and operations plus maintaining original number of shares in MEL), therefore benefiting from the improved corporate structure and clear delineation of business. As part of the re-organization, the MEL Board proposes to recommend for approval by MEL Shareholders the distribution of the entitlement to 0.0165 SHT Share to be allotted under the Share Entitlement Note for each SHT Share upon Completion. Out of the distribution of the entitlement to up to 147,626,347 SHT Shares, SHT or its subsidiaries would have an entitlement to up to 104,949,660 SHT Shares (based on their current holding of 6,360,585,437 MEL Shares). Such entitlement will be cancelled upon distribution to SHT and its subsidiaries and the SHT Shares relating thereto will not be allotted. Accordingly, only up to 42,676,687 SHT Shares will be allotted and issued to the other shareholders

of MEL. The 42,676,687 SHT Shares represent approximately 7.95% of the existing issued share capital of SHT, or approximately 7.36% of the issued share capital of SHT as enlarged by the issue of such SHT Shares.

MEL will set and announce a Record Date for the Proposed Distribution in accordance with the relevant requirements under the Listing Rules. Such Record Date will be fixed for a date after the MEL EGM.

Fractional entitlements to the SHT Shares will not be distributed under the Proposed Distribution to the MEL Shareholders, but will be converted into SHT Shares and sold in the market for the benefit of MEL. Any SHT Shares attributable to entitlements of the Overseas MEL Shareholders (other than fractional entitlements) under the Proposed Distribution will be sold and the proceeds thereof (less expenses) will be paid in cash to them. Further information regarding the entitlements of the Overseas MEL Shareholders will be disclosed in the circular of MEL. MEL will appoint an escrow agent or stock broker, who will be an independent third party, to whom the fractional entitlements of the SHT Shares will be issued upon Completion. The escrow agent or stock broker will be instructed to make a market order to dispose of the fractional entitlements as soon as practicable after it receives the SHT Shares. Based on the current register of members of MEL and the closing price of SHT shares quoted on the daily quotation sheet of the Stock Exchange on 25 March 2015 of HK\$2.1 per SHT Share, it is estimated that the total fractional entitlements will not be more than 1,000 SHT Shares and the market value will not be more than HK\$2,100. It is considered immaterial as far as MEL is concerned.

In order to alleviate the difficulties arising from the existence of odd lots of the SHT Shares as a result of the Proposed Distribution, SHT will appoint an agent to provide matching services on a best effort basis to the MEL Shareholders who wish to top up or sell their holdings of odd lots of the SHT Shares received under Proposed Distribution. Details of the arrangement will be provided in the circular to be sent out to the MEL Shareholders.

## **REMAINING GROUP**

Following Completion, MEL will remain a listed company.

The principal businesses of the Remaining Group are operation of hotels in Hong Kong and the PRC. The corporate strategy of the MEL Group is to build hotels on grade B commercial locations which are most suitable for hotel business in terms of low acquisition costs and high yields. The MEL Group benefits from the development of these hotels from good operating incomes, but most importantly is their capital value gain. The Group presently owns and operates six hotels including: (1) Ramada Hotel Kowloon, (2) Ramada Hong Kong Hotel, (3) Best Western Hotel Causeway Bay, (4) Best Western Hotel Harbour View, (5) Best Western Grand Hotel and (6) Magnificent

International Hotel, Shanghai, with 1,823 rooms together with the new Grand City Hotel at Queen's Road West under development, the Group will have 2,037 hotel rooms which will be one of the largest hotel groups in Hong Kong.

Set out below are certain financial information of each of the six operating hotels of the MEL Group and the new hotel under development for each of the two financial years ended 31 December 2013 and 2014:

	Revenue		Profit before taxation		As at 31 December 2014		
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	Net book value HK\$'000	Valuation HK\$'000	Revaluation Surplus HK\$'000
1 Ramada Hotel Kowloon	76,647	78,512	36,588	38,985	390,497	1,250,000	859,503
2 Ramada Hong Kong Hotel	95,218	95,635	47,301	51,541	438,465	1,530,000	1,091,535
3 Best Western Hotel Causeway Bay	81,850	83,816	35,152	38,856	358,209	1,150,000	791,791
4 Best Western Hotel Harbour View	111,235	112,314	57,716	63,549	512,876	1,810,000	1,297,124
5 Best Western Grand Hotel	128,761	129,621	52,258	57,463	823,975	2,066,000	1,242,025
6 Magnificent International Hotel, Shanghai	21,318	18,733	3,456	1,729	87,010	399,000	311,990
7 Grand City Hotel at Queen's Road West (under development)	—	—	—	—	382,631	610,000	227,369
<b>Total</b>	<b>515,029</b>	<b>518,631</b>	<b>232,471</b>	<b>252,123</b>	<b>2,993,663</b>	<b>8,815,000</b>	<b>5,821,337</b>

## REASONS FOR AND BENEFITS OF THE TRANSACTION

### Reasons for and benefits of the Transaction for MEL

The objectives of the Transaction are as follows:

#### 1 *Unlocking shareholder's value through greater transparency and coherence to business focus*

The MEL Board believes that the Transaction will benefit MEL through disposal of the non-core assets, namely, the Property Interests. The MEL Board believes that the current market price of MEL Shares does not fully reflect the value of its interest in the Property Interests and the hotel assets due to its existing corporate structure, and different valuation methodologies investors would normally apply to property investments and hotel operations. The Transaction will enhance the transparency of the assets of MEL and enable investors to adopt a single valuation methodology on MEL thereby unlocking value for MEL Shareholders.

## **2 *Enhancement of operation efficiency and management***

Following Completion, the business of MEL Group and SHT Group will be clearly delineated. The MEL Group will focus on hotel operations and may devote its precious management resources in the further investment and development of the hotel business while the SHT Group will specialize in commercial property investments apart from investment holding in MEL. Through internal job realignments within the SHT Group and MEL Group after Completion, it is expected costs saving will be achieved.

## **3 *Maintaining economic interest in the unlisted Property Interests through holding listed SHT Shares after the Proposed Distribution***

Was it not for the Transaction, the SHT Group and MEL Group have no immediate plan to dispose of the Property Interests. The Transaction provides an opportunity to the other shareholders of MEL to convert their indirect economic interests in the unlisted Property Interests into direct interest in listed SHT Shares while maintaining an economic interest in the Property Interests following Completion through holding the SHT Shares to be distributed under the Proposed Distribution.

For the purpose of reference only, based on the existing 8,947,051,324 MEL Shares in issue, the Proposed Distribution and the net asset value of the MEL Group (excluding the Property Interests) attributable to the MEL Shareholders are as follows:

	<b>33 SHT Shares per 2,000 MEL Shares</b>	
	<i>HK\$ (million)</i>	<i>HK\$ Per 2,000 MEL Shares</i>
	Total	MEL Shares
<b><i>Distributions:</i></b>		
SHT Shares ( <i>Note 1</i> )	308	68.9
<b><i>Value of the Remaining Group:</i></b>		
The net asset value of the MEL Group (excluding the Sale Companies) attributable to the MEL Shareholders ( <i>Note 2</i> )	<u>9,588</u>	<u>2,143.36</u>
<b>Total</b>	<u><u>9,896</u></u>	<u><u>2,212.26</u></u>
<b>Total per MEL Share (X)</b>		<u><u>1.11</u></u>
<b>MEL Average Closing Price (Y)</b>		0.303
<b>Premium ((X-Y)/Y)</b>		266%

*Notes:*

- (1) Based on the SHT Average Closing Price of HK\$2.088.
- (2) Based on the fair value of the net assets of HK\$12,001 million appraised by DTZ Debenham Tie Leung Limited as at 31 December 2014.

The calculated value of HK\$1.11 per MEL Share set out above represents a premium of 266% to the MEL Average Closing Price.

It is estimated that upon Completion the MEL Group would not recognize any material gain or loss on disposal of the Property Interests, since the consideration is set based on the fair value of the Property Interests which is equal to the carrying value of the Property Interests in the books of the MEL Group.

Both the Consideration and the issue price for the SHT shares are based on the fair value of the Property Interest and the net asset of SHT. Accordingly, the Transaction is fair to all the shareholders of MEL and SHT as a whole.

The MEL Board believes that the terms of the Transaction are fair and reasonable and in the interests of the MEL Shareholders as a whole in view of that the Consideration and the implied issue price of the SHT Shares are based on the fair value of the Sale Shares and the Shareholder's Loan and the adjusted net asset value of SHT.

## FINANCIAL IMPACT OF THE DEEMED DISPOSAL ON THE SHR GROUP

Following Completion, SHR Group's equity interest in SHT will be diluted from approximately 54.26% to 50.26%, and SHT shall remain a non wholly-owned subsidiary of the SHR. The financial results of the SHT Group will continue to be consolidated by the SHR Group. Set out below is a shareholding table before and immediately after the Deemed Disposal.

	Before the Transaction		Immediately after the Transaction	
	<i>No. SHT Shares held</i>	<i>Approx. shareholding %</i>	<i>No. SHT Shares held</i>	<i>Approx. shareholding %</i>
SHR Group	291,404,489	54.26	291,404,489	50.26
Mercury Fast Limited ( <i>Note 1</i> )	68,139,510	12.69	68,139,510	11.75
Other SHT Shareholders	177,532,603	33.05	177,532,603	30.63
Other MEL Shareholders ( <i>Note 2</i> )	—	—	42,676,687	7.36
Total	537,076,602	100.00	579,753,289	100.00

### Notes:

- Mercury Fast Limited is a wholly-owned subsidiary of MEL. Apart from holding the 68,139,510 SHT Shares, 62,602,700 shares in SHR and an immaterial investment in shares in a Hong Kong listed company, Mercury Fast Limited does not own other material assets.
- Assuming the MEL Shareholders do not hold any SHT Shares before the Transaction.

Based on the existing information available to SHR, the expected gain from the Deemed Disposal will amount to approximately HK\$183 million, which is based on the net asset value of SHT attributable to the SHR Group after Completion less the net asset value of the SHT Group attributable to the SHR Group before Completion of the Transaction. This expected gain from the Deemed Disposal will be accounted for as an equity transaction and will be recognized as a movement in the reserves of the SHR Group. The Deemed Disposal will not result in any significant impact to the profit or loss of the SHR Group.

Set out below is certain audited financial information of SHT Group for each of the two financial years ended 31 December 2013 and 2014:

	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets as at 31 December	<b>4,631,277</b>	3,976,566
Profit before taxation	<b>961,016</b>	681,025
Profit after taxation	<b>907,075</b>	618,827

### **Reasons for and benefits of the Transaction for SHT**

The Transaction will streamline and delineate the operations the SHT Group. Following Completion the SHT Group will maintain two major lines of business, namely commercial property investments through subsidiaries other than MEL and investments and operation of hotels through the MEL Group. It will result in an improved corporate structure for SHT investors. The Transaction will increase SHT's aggregate direct and attributable interest in Shun Ho Tower and the 633 King's Road Property from approximately 73.34% and 71.09% to a direct interest of 93% and 100% respectively.

As the majority shareholder of MEL, the benefits of MEL becoming a focused hotel operations group after Completion as described above will also accrue to SHT.

The SHT Board believes that the terms of the Transaction are fair and reasonable and in the interests of the shareholders of SHT as a whole.

### **Reasons for and benefits of the Transaction for SHR**

As the majority shareholder of SHT and the holding company of MEL, the benefits of MEL becoming a focused hotel operations group after Completion as described above will also accrue to SHR.

The SHR Board believes that the terms of the Transaction are fair and reasonable and in the interests of the shareholders of SHR as a whole.

### ***Proposed new name of SHT and MEL***

It is proposed that subject to and after Completion, SHT will change its name to Shun Ho Property Investments Limited and MEL will change its name to Magnificent Hotel Investments Limited to reflect the respective business profiles of the two companies after the re-organization.

### ***Resumption of Payment of Dividend by SHT***

The SHT Board intends to resume dividend payment by SHT and propose the adoption of a dividend payment policy in line with that of MEL after Completion of the re-organization.

### **ISSUE OF SHT SHARES IN THE PRECEDING 12 MONTHS**

SHT has not issued any new shares during the preceding twelve months to the date of this announcement.

### **LISTING RULES IMPLICATIONS**

SHT is a holding company of MEL, and is therefore a connected person of MEL. Accordingly, the Transaction constitutes a connected transaction of MEL. As one or more applicable percentage ratio(s) in respect of the Transaction exceeds 75%, the Transaction also constitutes a very substantial disposal of MEL. Therefore, for MEL, the Transaction is subject to the announcement, reporting and independent shareholders' approval requirements of Chapters 14 and 14A of the Listing Rules. A single resolution will be proposed at the MEL EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and the Proposed Distribution. As SHT has a material interest which is different from other shareholders of MEL so far as such matters are concerned, SHT and its associates will be required to abstain from voting at the MEL EGM on such resolution.

None of the directors SHR, SHT and MEL attending the respective board meetings of the companies have abstained from voting on the resolutions approving the Transaction and the Proposed Distribution as neither of them or their associate have personal interest in the Transaction.

As all independent non-executive directors of MEL are also independent non-executive directors of SHT, they are considered not to be independent to advise the MEL Independent Shareholders in respect of the resolution to approve the Transaction. Therefore, no independent board committee of MEL will be formed to make recommendations to the MEL Independent Shareholders in connection with the Transaction. An independent financial adviser will be appointed by MEL to advise the MEL Independent Shareholders in connection with the Transaction.

A circular containing, among other things, further details of the Sale and Purchase Agreement, the Proposed Distribution, the letter of advice from the independent financial adviser to the MEL Independent Shareholders and the notice of the EGM will be despatched to the MEL Shareholders as soon as practicable.

For SHT, since one or more applicable percentage ratio(s) in respect of the Transaction exceeds 25% but all applicable percentage ratios are less than 100%, the Transaction constitutes a major transaction for SHT. Therefore, for SHT, the Transaction is subject to the announcement, reporting and shareholders' approval requirements of Chapters 14 of the Listing Rules. In addition, specific mandate will be sought from SHT Shareholders for the issue of the SHT Shares which may fall to be issued under the Share Entitlement Note. SHR, through its wholly-owned subsidiaries Trillion Resources HK and Omnico Company Inc, is in control of more than 50% of the voting rights of SHT, has informed the Board of SHR that Trillion Resources HK and Omnico Company Inc., which in aggregate beneficially own 291,404,489 SHT Shares, representing approximately 54.26% of the issued share capital of SHT, would vote in favour of any resolution to approve the Transaction. Trillion Resources HK and Omnico Company Inc and their respective associates do not have any interest in the Transaction which is different from those of other shareholders of SHT. A circular containing, among other things, further details of the Sale and Purchase Agreement and notice to the SHT EGM will be despatched to the shareholders of SHT as soon as practicable.

For SHR, since one or more applicable percentage ratio(s) in respect of the Transaction exceeds 100%, the Transaction constitutes a very substantial acquisition for SHR. Therefore, for SHR, the Transaction is subject to the announcement, reporting and shareholders' approval requirements of Chapters 14 of the Listing Rules. Mr. William Cheng Kai Man, the Chairman of the board of directors of SHR, who is, through Trillion Resources BVI, in control of more than 50% of the voting rights of SHR, has informed the Board of SHR that Trillion Resources BVI (which is wholly-owned by Mr. William Cheng Kai Man), which beneficially owns 154,006,125 SHR Shares, representing approximately 50.60% of the issued share capital of SHR, would vote in favour of any resolution to approve the Transaction. Trillion Resources BVI or its associates do not have any interest in the Transaction which is different from those of other shareholders of SHR. A circular containing, among other things, further details of the Sale and Purchase Agreement and notice to the SHR EGM will be despatched to the shareholders of SHR as soon as practicable.

Following Completion, SHT will remain a non wholly-owned subsidiary of the of SHR and the SHR Group will own approximately 50.26% of its equity interests. As such, Deemed Disposal will constitute a deemed disposal of the SHR's equity interests in SHT under Chapter 14 of the Listing Rules. As the Investment and the Deemed Disposal exceed 5% but do not exceed 25% of one or more of the applicable percentage ratios, the Deemed Disposal constitute a discloseable transaction for SHR under Chapter 14 of the Listing Rules and will be subject to the notification and announcement requirements under the Listing Rules.

As additional time is required for preparing the financial information of the Group to be included in the circulars, the aforesaid circulars could not be despatched to the SHR Shareholders, SHT Shareholders and MEL Shareholders within 15 business days after the publication of this announcement. It is currently expected that the circulars will be despatched on or before 31 May 2015.

## GENERAL

MEL Group is principally engaged in property investment, property development and leasing, investment in and operation of hotels.

SHT Group is principally an investment holding company. Through its major subsidiary, MEL, SHT is principally engaged in property investment, property development and leasing, investment in and operation of hotels.

SHR Group is principally an investment holding company. Through its major subsidiaries, SHT and MEL, SHR is principally engaged in property investment, property development and leasing, investment in and operation of hotels.

**Shareholders of SHR, SHT and MEL and potential investors should note that the Transaction and the Proposed Distribution may or may not proceed as they are subject to a number of conditions, which may or may not be fulfilled. Shareholders of SHR, SHT and MEL and potential investors are reminded to exercise caution when dealing in the securities of SHR, SHT and MEL.**

**This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.**

## DEFINITIONS

“Allotment Right”	means a right to the holder of the Share Entitlement Note to call for the issue by SHT to it of a fixed number of fully paid SHT Shares without having to make any payment
“associate”	has the meaning given to such term under the Listing Rules
“Companies Ordinance”	means Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Completion”	means completion of the Transaction in accordance with the terms of the Sale and Purchase Agreement

“Completion Date”	means 10 business days after the fulfilment or waiver of the Conditions, or such other date as may be agreed between SHT and MEL
“Conditions”	means the conditions precedent to Completion, as more particularly set out under the section headed “Conditions to Completion” of this announcement
“Consideration”	means the aggregate consideration of HK\$2,413,053,000 for the sale and purchase of Sale Shares and Shareholder’s Loan pursuant to the Sale and Purchase Agreement
“Deemed Disposal”	the reduction of the SHR Group’s interest in SHT by approximately 4.0% upon Completion of the Transaction
“DTZ Debenham”	a reputable international valuer who is independent of SHR, SHT and MEL
“Excluded Companies”	means the three subsidiaries of Houston Venture other than Tennyland which will be transferred to MEL or its subsidiaries on or before Completion
“Houston Venture”	means Houston Venture Limited, a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of MEL as at the date of this announcement, and the legal and beneficial owner of the entire issued share capital of Tennyland
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MEL”	means Magnificent Estates Limited (華大地產投資有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“MEL Board”	means the board of directors of MEL
“MEL EGM”	means an extraordinary general meeting of MEL to be convened to approve, among other matters (if any), the Sale and Purchase Agreement, and the Proposed Distribution

“MEL Group”	means MEL and its subsidiaries
“MEL Independent Shareholders”	means MEL Shareholders other than SHT and its associates
“MEL Share(s)”	means share(s) in the share capital of MEL
“MEL Shareholder”	means holder of MEL Share(s)
“Overseas MEL Shareholder”	means a holder of MEL Shares whose names appear on the register of members of MEL as holding MEL Shares on the record date for the Completion Distribution whose address on such register is, on such record date, in a place outside Hong Kong and who the MEL Board, after making enquiries regarding the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place where practical, consider the exclusion of such holder from the distribution of SHT Shares under the Proposed Distribution is necessary or expedient
“PRC”	means the People’s Republic of China
“Property Interests”	means MEL’s entire 100% interest in the 633 King’s Road Property and 68% interest in Shun Ho Tower held through its interest in the Sale Companies
“Proposed Distribution”	means the proposed distribution by MEL to the MEL Shareholders, upon Completion, of 0.0165 SHT Share to be allotted under the Share Entitlement Note for each MEL Share
“Record Date”	means the record date for the Proposed Distribution which will be set and announced by MEL later in accordance with the Listing Rules
“Remaining Group”	means the MEL Group, other than the Sale Companies and their subsidiaries
“Sale and Purchase Agreement”	means the conditional Sale and Purchase Agreement dated 25 March 2015 entered into between SHT and MEL in relation to the Transaction

“Sale Companies”	means Trans-Profit and Houston Venture each a subsidiary of MEL
“Sale Shares”	means MEL’s entire 68% interest in Trans-Profit and 100% interest in Houston Venture
“Share Entitlement Note”	means the share entitlement note to be issued by a wholly-owned subsidiary of SHT (and guaranteed by SHT) to MEL at Completion, which shall confer the right to call for the issue of a fixed number of fully paid SHT Shares, including any share entitlement note resulting from any assignment of such share entitlement note
“Shareholder’s Loan”	means the shareholder’s loan owing by Trans-Profit to MEL
“SHR”	means Shun Ho Resources Holdings Limited (順豪資源集團有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“SHR Board”	means the board of directors of SHR
“SHR EGM”	means an extraordinary general meeting of SHR to be convened to approve, among other matters (if any), the Sale and Purchase Agreement
“SHR Group”	means SHR and its subsidiaries
“SHR Share(s)”	means share(s) in the share capital of SHR
“SHT”	means Shun Ho Technology Holdings Limited (順豪科技控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed of the Stock Exchange
“SHT Board”	means the board of directors of SHT
“SHT EGM”	means an extraordinary general meeting of SHT to be convened to approve, among other matters (if any), the Sale and Purchase Agreement, and the issue of SHT Shares which may fall to be issued under the Share Entitlement Note

“SHT Group”	means SHT and its subsidiaries
“SHT Share(s)”	means share(s) in the share capital of SHT
“Shun Ho Tower”	means the commercial building known as Shun Ho Tower located at Nos. 24–30 Ice House Street, Central, Hong Kong of which Trans-Profit is the legal and beneficial owner as at the date of this announcement
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Tennyland”	means Tennyland Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of MEL as at the date of this announcement, and the legal and beneficial owner of the 633 King’s Road Property
“Transaction”	means the acquisition by the SHT Group of interests in the Sale Shares and the Shareholder’s Loans due from the Sale Companies to MEL pursuant to the Sale and Purchase Agreement
“Trans-Profit”	means Trans-Profit Limited, a company incorporated in Hong Kong with limited liability, and legally and beneficially owned as to 68% by the MEL Group, 25% by SHT and 7% by a direct wholly-owned subsidiary of SHR as at the date of this announcement, owner of the Shun Ho Tower Property
“Trillion Resources BVI”	means Trillion Resources Limited, a company incorporated in BVI with limited liability and controlled by Mr. William Cheng Kai Man who is the Chairman of the Boards
“Trillion Resources HK”	means Trillion Resources Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of SHR

“633 King’s Road  
Property”

the office building located at 633 King’s Road, North Point, Hong Kong of which Tennyland Limited is the legal and beneficial owner as at the date of this announcement

By order of the  
board of directors  
**Shun Ho Technology  
Holdings Limited**

By order of the  
board of directors  
**Shun Ho Resources  
Holdings Limited**

By order of the  
board of directors  
**Magnificent  
Estates Limited**

**William Cheng Kai Man**  
*Chairman*

**William Cheng Kai Man**  
*Chairman*

**William Cheng Kai Man**  
*Chairman*

Hong Kong, 25 March 2015

*As at the date hereof, the Boards of each of Magnificent Estates Limited, Shun Ho Technology Holdings Limited and Shun Ho Resources Holdings Limited comprise of two executive directors, namely Mr. William CHENG Kai Man and Mr. Albert HUI Wing Ho; one non-executive director, namely Madam Mabel LUI FUNG Mei Yee and three independent non-executive directors, namely Mr. Vincent KWOK Chi Sun, Mr. CHAN Kim Fai and Mr. HUI Kin Hing.*