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SHUN TAK HOLDINGS LIMITED

信德集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 242)

Website: <http://www.shuntakgroup.com>

ANNOUNCEMENT

**CONNECTED TRANSACTIONS
IN RELATION TO**

**(I) THE AWARD OF MAIN CONTRACT FOR
THE COLUMBARIUM PROJECT**

AND

**(II) THE AWARD OF FOUNDATION CONTRACT FOR
NOVA CITY PHASE 4**

**(I) THE AWARD OF MAIN CONTRACT FOR THE COLUMBARIUM
PROJECT**

On 13 December 2010, Tin Wai, an indirect non wholly-owned subsidiary of the Company and the developer of the Columbarium Development, entered into the Main Contract with Hip Hing, an indirect subsidiary of NWD, whereby Hip Hing is appointed as the main contractor for the construction of the Columbarium Development. The contract sum of the Main Contract is approximately MOP64.4 million (approximately HK\$62.5 million).

**(II) THE AWARD OF FOUNDATION CONTRACT FOR NOVA CITY
PHASE 4**

On 13 December 2010, NTU, an indirect wholly-owned subsidiary of the Company and the developer of the Residential Development, entered into the Foundation Contract with Vibro, an indirect subsidiary of NWD, whereby Vibro is appointed as the contractor for the foundation works of the Residential Development. The contract sum of the Foundation Contract is MOP185 million (approximately HK\$180 million).

(III) GENERAL

NWD is a connected person of the Company under the Listing Rules by virtue of its indirect ownership of 10% in the issued share capital of Ranex, an indirect non wholly-owned subsidiary of the Company. Both Hip Hing and Vibro are subsidiaries of NWSH, which is in turn a subsidiary of NWD. Therefore, both Hip Hing and Vibro are connected persons of the Company and the entering into of the Main Contract and the Foundation Contract both constitute connected transactions for the Company.

The exemption from the reporting and announcement requirements under Rule 14A.31(9) of the Listing Rules is not applicable to the entering into of the Main Contract and the Foundation Contract due to the size of Ranex. Since one of the percentage ratios as defined in Rule 14.07 of the Listing Rules in respect of the aggregate amount of the contract sums of the Main Contract and the Foundation Contract exceeds 1% but is less than 5%, the entering into of the Main Contract by Tin Wai and the Foundation Contract by NTU is subject to the reporting and announcement requirements under Rules 14A.45 and 14A.47 of the Listing Rules but exempt from independent Shareholders' approval. Appropriate disclosure of both transactions will be made in the next annual report and accounts of the Company in accordance with the Listing Rules.

The Board hereby announces the following connected transactions of the Company:

(I) THE AWARD OF MAIN CONTRACT FOR THE COLUMBARIUM PROJECT

On 13 December 2010, Tin Wai, an indirect non wholly-owned subsidiary of the Company and the developer of the Columbarium Development, entered into the Main Contract with Hip Hing, whereby Hip Hing is appointed as the main contractor for the Columbarium Development.

Major Terms of the Main Contract

Date: 13 December 2010

Developer: Tin Wai

Main Contractor: Hip Hing

Scope of Works: Hip Hing, as the main contractor, shall be responsible, without limitation, for the following:

- i) construction of basement for carpark, substructural works, a 6-storey columbarium building, driveway, underground drainage works and manholes, external works including hard landscape, feature walls, statues and other artworks;
- ii) provision of joss paper furnace system; and
- iii) attendance (i.e. monitoring and supervision) on all other specialist works including, but not limited to, mechanical ventilation and air conditioning installation, electrical installation, fire services installation, lift and escalators installation, and plumbing and drainage installation.

The construction is expected to be completed in 2011.

Contract Sum: The contract sum of the Main Contract is approximately MOP64.4 million (approximately HK\$62.5 million), payable by Tin Wai to Hip Hing on a monthly basis based on the progress of works properly executed and certified by the architects appointed by Tin Wai. The contract sum is arrived at through tender process, having regard to the quotations submitted, experience of the tenderers and the quality of work demonstrated in other construction projects undertaken by the tenderers.

The contract sum is a lump sum fixed price with no adjustment unless in the case of re-measurement of provisional quantities and/or adjustment for variation instructions with cost effect as certified and issued by the architects of the Columbarium Development and approved by Tin Wai.

Liquidated and Ascertained Damages: In case the Columbarium Development cannot be completed on time according to the Main Contract, Hip Hing shall be charged at a rate of MOP87,000 (approximately HK\$84,466) per day.

Performance Bond: Hip Hing's performance of its obligations under the Main Contract is secured by a performance bond issued by a licensed bank in Hong Kong for a sum not less than 10% of the contract sum.

(II) THE AWARD OF FOUNDATION CONTRACT FOR NOVA CITY PHASE 4

On 13 December 2010, NTU, an indirect wholly-owned subsidiary of the Company and the developer of the Residential Development, entered into the Foundation Contract with Vibro, whereby Vibro is appointed as the foundation works contractor for the Residential Development.

Major Terms of the Foundation Contract

Date: 13 December 2010

Developer: NTU

*Foundation
Contractor:* Vibro

Scope of Works: Vibro, as the foundation works contractor, shall be responsible, without limitation, for the following:

- i) construction of precast prestressed concrete piles, large diameter bored piles, steel sheet piles, pile caps and associated starter bars for the future structures;
- ii) excavation and installation of lateral strutting for basements; and
- iii) other associated works including demolition of existing chain fences, relocation of existing hoarding outside site boundary and liaison and co-ordination with adjacent lots for such associated works.

The foundation works is expected to be completed in 2012.

Contract Sum: The contract sum of the Foundation Contract is MOP185 million (approximately HK\$180 million), payable by NTU to Vibro on a monthly basis based on the progress of works properly executed and of materials and goods delivered on site as certified by the architects appointed by NTU and subject to retention. The contract sum is arrived through tender process, having regard to the quotations submitted, experience of the tenderers and the quality of work demonstrated in other construction projects undertaken by the tenderers.

<i>Liquidated and Ascertained Damages:</i>	In case the foundation works cannot be completed on time according to the Foundation Contract, Vibro shall be charged at a rate of MOP35,000 (approximately HK\$33,981) per day.
<i>Performance Bond:</i>	Vibro's performance of its obligations under the Foundation Contract is secured by a performance bond issued by a licensed bank in Hong Kong for a sum not less than 10% of the contract sum.
<i>Parent Company Guarantee:</i>	Vibro (H.K.) Limited, being a subsidiary of NWSH and the immediate holding company of Vibro, will execute a guarantee in favour of NTU to guarantee the due and punctual performance of the Foundation Contract by Vibro.

Reasons for the Main Contract and the Foundation Contract

The Company is an investment holding company and its subsidiaries are engaged in a number of business activities including transportation, hospitality, property development and investment.

Tin Wai, the developer of the Columbarium Development, is an indirect non wholly-owned subsidiary of the Company and is engaged in property investment and development.

NTU, the developer of the Residential Development, is an indirect wholly-owned subsidiary of the Company and is also engaged in property investment and development.

Hip Hing is engaged in the business of building construction.

Vibro is engaged in the business of provision of piling and foundation services for building construction and civil engineering projects.

In the tendering processes for both of the Main Contract and the Foundation Contract, both Hip Hing and Vibro demonstrated extensive construction experience and foundation services experience in Macau respectively. Their respective offer prices were most competitive among all the bids received for the Columbarium Development and the Residential Development respectively.

Both the terms of the Main Contract and the Foundation Contract are arrived at after arm's length negotiations between the relevant parties. The Board (including the independent non-executive Directors but excluding the Abstained Director) considers that the entering into each of the Main Contract and the Foundation Contract is in the ordinary and usual course of business of the Group, on normal commercial terms and that the terms of both of the Main Contract and the Foundation Contract are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implication

NWD is a connected person of the Company under the Listing Rules by virtue of its indirect ownership of 10% in the issued share capital of Ranex, an indirect non wholly-owned subsidiary of the Company. Both Hip Hing and Vibro are subsidiaries of NWSH, which is in turn a subsidiary of NWD. Therefore, both Hip Hing and Vibro are connected persons of the Company and the entering into of the Main Contract and the Foundation Contract both constitute connected transactions for the Company.

The exemption from the reporting and announcement requirements under Rule 14A.31(9) of the Listing Rules is not applicable to the entering into of the Main Contract and the Foundation Contract due to the size of Ranex. Since one of the percentage ratios as defined in Rule 14.07 of the Listing Rules in respect of the aggregate amount of the contract sums of the Main Contract and the Foundation Contract exceeds 1% but is less than 5%, the entering into of the Main Contract by Tin Wai and the Foundation Contract by NTU is subject to the reporting and announcement requirements under Rules 14A.45 and 14A.47 of the Listing Rules but exempt from independent Shareholders' approval. Appropriate disclosure of both transactions will be made in the next annual report and accounts of the Company in accordance with the Listing Rules.

Other than the Abstained Director, no Director has any material interest in the Main Contract or the Foundation Contract, therefore none of them is required to abstain from voting on the board resolutions approving the Main Contract and the Foundation Contract.

DEFINITIONS

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

“Abstained Director”	Dato’ Dr. Cheng Yu Tung, being a non-executive Director of the Company, who has not given any opinion and has abstained from voting on the board resolutions approving both the Main Contract and the Foundation Contract in view of his interests in Hip Hing and Vibro
“Board”	the board of Directors
“Company”	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 242)
“Columbarium Development”	the columbarium development situated at Avenida Son On Nos. 1, 3, 5 & 7 Taipa, Macau with a 6-storey columbarium building with gross floor area of approximately 6,522 square metres.

“Director(s)”	the director(s), including independent non-executive director(s), of the Company
“Foundation Contract”	a legally binding letter of award dated 13 December 2010 executed by NTU, as the developer, and Vibro whereby Vibro is appointed as the foundation works contractor for the construction of the Residential Development
“Group”	the Company together with its subsidiaries
“Hip Hing”	Hip Hing Engineering (Macau) Company Limited, a subsidiary of NWSH
“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
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Main Contract”	a legally binding letter of award dated 13 December 2010 executed by Tin Wai, as the developer, and Hip Hing whereby Hip Hing is appointed as the main contractor for the construction of the Columbarium Development
“NTU”	Nova Taipa-Urbanizações, Limitada, a company incorporated in Macau and an indirect wholly-owned subsidiary of the Company
“NWD”	New World Development Company Limited, the shares of which are listed on the Stock Exchange (stock code: 17)
“NWD Group”	NWD together with its subsidiaries
“NWSH”	NWS Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 659) and a subsidiary of the NWD Group

“Ranex”	Ranex Investments Limited, an indirect non wholly-owned subsidiary of the Company and owned as to, among others, 51% by the Group and 10% by the NWD Group
“Residential Development”	the residential development named Nova City Phase 4 situates at Lote BT35, Taipa, Macau with total gross floor area of approximately 63,279 square metres
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tin Wai”	Tin Wai Development Company, Limited, a company incorporated in Macau and an indirect non wholly-owned subsidiary of the Company in which the Company holds 79% effective interest
“Vibro”	Vibro (Macau) Limited, a non wholly-owned subsidiary of NWSH
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.
“MOP”	Macau pacatas, the lawful currency of Macau

This announcement contains conversion of certain MOP amounts into HK\$ amounts at the rate of HK\$1 = MOP1.03.

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

Hong Kong, 17 December 2010

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