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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 TRANSACTION
IN RELATION TO**

**THE AWARD OF THE MAIN CONTRACT FOR THE DEVELOPMENT
OF A RESIDENTIAL PROJECT AT CHUNG HOM KOK**

On 9 July 2012, Grace Wealth, an indirect wholly-owned subsidiary of the Company, 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 Development. The contract sum is approximately HK\$197.1 million.

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. Hip Hing is an indirect subsidiary of NWD. Therefore Hip Hing is a connected person of the Company and the award of the Main Contract constitutes a connected transaction of the Company.

The Main Contract 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 the transaction 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 transaction of the Company:

THE AWARD OF THE MAIN CONTRACT FOR THE CHUNG HOM KOK DEVELOPMENT

On 9 July 2012, Grace Wealth, an indirect wholly-owned subsidiary of the Company and the developer of the Development, entered into the Main Contract with Hip Hing, whereby Hip Hing is appointed as the main contractor for the Development.

Major Terms of the Main Contract

- Date:* 9 July 2012
- Developer:* Grace Wealth
- Main Contractor:* Hip Hing
- Scope of Works:* Hip Hing, as the main contractor, shall be responsible, without limitation, for the following:
- i) construction of site formation works, sub-structure and superstructure of five 3-storey houses over a 1-storey carports;
 - ii) construction of the superstructure of the houses of reinforced concrete structure with all façade installation, all finishes, waterproofing, doors, partitions, metal works, fixtures, fittings, windows, louvers, ironmongery, etc. and all builder's works in connection with services and ancillary works as specified and to the satisfaction of the architect appointed by Grace Wealth;
 - iii) all relevant building services works;
 - iv) all external works within the site including driveway, fence walls, planters, swimming pool, etc.; and
 - v) widening and resurfacing a section of Chung Hom Kok Road along the site boundary.

The construction is expected to be completed by end of 2013.

<i>Optional Works:</i>	Subject to Grace Wealth's final decision, the interior fitting out works to two showhouses for which the total additional cost is HK\$24 million under current estimate.
<i>Contract Sum:</i>	The contract sum of the Main Contract is approximately HK\$197.1 million (excluding the HK\$24 million for optional works), payable by Grace Wealth to Hip Hing on a monthly basis based on the progress of works properly executed and of materials and goods delivered on site as certified by the architect appointed by Grace Wealth and subject to retention as stipulated in the conditions of contract. The contract sum is arrived at through a tender process, having regard to the quotations submitted, experience of the tenderers and the quality of work demonstrated in other construction developments undertaken by the tenderers.
<i>Liquidated and Ascertained Damages:</i>	In case the Development cannot be completed on time according to the Main Contract, Hip Hing shall be charged at a rate of HK\$82,000 per day.
<i>Surety Bond:</i>	Performance of Hip Hing's obligations under the Main Contract is secured by a surety bond issued by a licensed bank in Hong Kong for a sum not less than 10% of the contract sum.

REASONS FOR THE MAIN 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.

Grace Wealth, the developer of the Development, is an indirect wholly-owned subsidiary of the Company and is engaged in property development.

Hip Hing is engaged in the business of construction and civil engineering.

In the tendering processes for the Main Contract, Hip Hing demonstrated extensive construction experience in Hong Kong. Its offer price was the lowest among all the bids received.

The terms of the Main Contract are arrived at after a tendering process and 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 the Main Contract is in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms of the Main 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% of the issued share capital of Ranex, an indirect non wholly-owned subsidiary of the Company. Hip Hing is an indirect subsidiary of NWD. Therefore Hip Hing is a connected person of the Company and the award of the Main Contract is a connected transaction of the Company.

The exemption from the reporting and announcement requirements under Rule 14A.31(9) of the Listing Rules is not applicable to the Main 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 contract sum of the Main Contract exceeds 1% but is less than 5%, the entering into of the Main Contract by Grace Wealth 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 the transaction 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 transaction under the Main Contract, therefore none of them is required to abstain from voting on the board resolutions approving the Main 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, has not given any opinion and has abstained from voting on the board resolutions approving the Main Contract and the transaction contemplated thereunder in view of his interests in Hip Hing

“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)
“Development”	the residential development at no. 1 Horizon Drive and nos. 44-50 Chung Hom Kok Road, Hong Kong comprising five 3-storey houses over a 1-storey carports with a total gross floor area of approximately 2,223 square metres
“Director(s)”	the director(s), including independent non-executive director(s), of the Company
“Grace Wealth”	Grace Wealth Development Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company together with its subsidiaries
“Hip Hing”	Hip Hing Construction Company Limited, an indirect subsidiary of NWD
“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
“Main Contract”	a legally binding letter of award dated 9 July 2012 executed by Grace Wealth, as the developer, and Hip Hing whereby Hip Hing is appointed as the main contractor for the construction of the Development
“NWD”	New World Development Company Limited, the shares of which are listed on the Stock Exchange (stock code: 17)
“Ranex”	Ranex Investments Limited, an indirect non wholly-owned subsidiary of the Company and indirectly owned as to, among others, 51% by the Company and 10% by NWD

“Shareholder(s)” the shareholder(s) of the Company
“Stock Exchange” The Stock Exchange of Hong Kong Limited
“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 10 July 2012

As at the date of this announcement, the executive Directors are Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Mr. David Shum and Mr. Rogier Verhoeven; 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.