

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant, or other professional adviser.

**If you have sold or transferred** all your shares in Shun Tak Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities, or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

---



**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>**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
INVOLVING ISSUANCE OF NEW SHARES  
IN RELATION TO THE ACQUISITION OF  
A RESIDENTIAL SITE IN HONG KONG**

**Independent financial adviser to the independent board committee  
and the independent shareholders of Shun Tak Holdings Limited**



**PLATINUM**  
Securities

---

A letter from the Board is set out on pages 4 to 14 of this circular. A letter from the Independent Board Committee is set out on page 15 of this circular. A letter from Platinum Securities containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 26 of this circular.

A notice convening the EGM to be held at the Boardroom, Penthouse 39th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Tuesday, 27 July 2010 at 11:00 a.m. is set out on pages 43 to 45 of this circular. Whether or not you are able to attend the EGM, please complete and return to the registered office of the Company at Penthouse 39th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

12 July 2010

---

## CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
<b>Letter from the Independent Board Committee</b> .....	15
<b>Letter from Platinum Securities</b> .....	16
<b>Appendix I — Property Valuation Report of the Site</b> .....	27
<b>Appendix II — General Information</b> .....	32
<b>Notice of EGM</b> .....	43

---

## DEFINITIONS

---

*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Abstained Directors”	Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho, who have not given any opinion and have abstained from voting on the board resolutions in respect of the Acquisition in view of their interests in the Vendor as disclosed in this circular, and Mrs. Louise Mok who has also not given any opinion and has abstained from voting on the board resolutions in respect of the Acquisition in view of her sister-brother relationship with Dr. Stanley Ho
“Acquisition”	acquisition of the Site by the Purchaser from the Vendor pursuant to the terms and conditions of the SPA
“associate”	has the meaning ascribed to it under the Listing Rules
“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)
“Completion”	completion of the SPA
“Consideration”	HK\$624,175,000, to be satisfied by payment of HK\$28,425,000 as the initial cash deposit (including reimbursement of 10% of the Land Premium, i.e. HK\$13,425,000, already paid by the Vendor) within 3 business days after signing of the SPA and the allotment and issuance of the Consideration Shares upon Completion
“Consideration Shares”	148,566,084 new Shares to be issued and allotted by the Company to the Vendor and/or its nominees as part of the Consideration for the Acquisition to be approved at the EGM
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company convened to be held at the Boardroom, Penthouse 39th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Tuesday, 27 July 2010 at 11:00 a.m. for purpose of considering and, if thought fit, passing an ordinary resolution by the Independent Shareholder to approve the Acquisition (including the allotment and issuance of the Consideration Shares) and the transactions contemplated thereunder, notice of which is set out on pages 43 to 45 of this circular

---

## DEFINITIONS

---

“GFA”	gross floor area
“Government”	the Government of Hong Kong
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising Sir Roger Lobo, Mr. Norman Ho and Mr. Charles Ho, being all the independent non-executive Directors, which has been established to advise the Independent Shareholders in respect of the Acquisition
“Independent Shareholders”	Shareholders (other than (i) the beneficial owners of the Vendor who are Shareholders, being Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Masiy Ho and Madam Lucina Laam, and their respective associates including Mrs. Louise Mok and Shun Tak Shipping Company, Limited and those of its subsidiaries which are Shareholders; and (ii) any other Shareholders with a material interest in the Acquisition and his/her associates) who are not required to abstain from voting at the EGM or any adjourned meeting thereof for approving the Acquisition under the Listing Rules
“Land Premium”	the land premium of HK\$134,250,000 payable for the Proposed Lease Modification as offered by the Government and accepted by the Vendor prior to the date of the SPA, of which HK\$13,425,000 has been paid by the Vendor to the Government
“Latest Practicable Date”	9 July 2010, being the latest practicable date prior to printing of this circular for ascertaining certain information contained in the circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Lease Modification”	the application for modification of the land lease of the Site made to the Government by the Vendor to erect three-storey houses with, among other things, plant rooms, electrical and mechanical facilities, covered carports, and driveway underneath

---

## DEFINITIONS

---

“Platinum Securities”	Platinum Securities Company Limited, a licensed corporation under the SFO licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Acquisition
“Purchaser”	Grace Wealth Development Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Ranillo”	Ranillo Investments Limited, a company incorporated in the British Virgin Islands with limited liability and owned as to 20% by each of Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Ms. Josephine Ho and Mr. Lawrence Ho, children of Dr. Stanley Ho
“Shares”	shares of HK\$0.25 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Site”	a parcel of land registered in the Land Registry as Rural Building Lot No. 811 together with the messuages erections and buildings thereon, located at no. 1 Horizon Drive and nos. 44-50 Chung Hom Kok Road, Hong Kong
“SPA”	the conditional agreement for the Acquisition dated 18 June 2010 entered into between the Vendor (as vendor), the Purchaser (as purchaser) and the Company (as guarantor to the Purchaser)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Hanika Realty Company Limited, a company incorporated in Hong Kong with limited liability, in which Ranillo, Dr. Stanley Ho and Madam Lucina Laam directly hold 71.5%, 14.2% and 14.3% voting rights respectively
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq.m.”	square metre

---

LETTER FROM THE BOARD

---



**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>**

*Directors:*

Dr. Stanley Ho (*Group Executive Chairman*)

Sir Roger Lobo\*\*

Mr. Norman Ho\*\*

Mr. Charles Ho\*\*

Dato' Dr. Cheng Yu Tung\*

Mrs. Louise Mok\*

Mr. Michael Ng\*

Ms. Pansy Ho (*Managing Director*)

Ms. Daisy Ho (*Deputy Managing Director*)

Ms. Maisy Ho

Mr. David Shum

*Registered office:*

Penthouse 39th Floor

West Tower, Shun Tak Centre

200 Connaught Road Central

Hong Kong

\* *Non-executive Director*

\*\* *Independent non-executive Director*

12 July 2010

*To the Shareholders,*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
INVOLVING ISSUANCE OF NEW SHARES  
IN RELATION TO THE ACQUISITION OF  
A RESIDENTIAL SITE IN HONG KONG**

**1. INTRODUCTION**

It was announced in the Company's announcement dated 18 June 2010 that, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor (a connected person of the Company under the Listing Rules) and the Company (as guarantor to the Purchaser) entered into the SPA on 18 June 2010, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Site, free from encumbrances, at the Consideration of HK\$624,175,000.

---

## LETTER FROM THE BOARD

---

The Consideration of HK\$624,175,000, which is equivalent to the independent valuation of the Site as at 4 June 2010 less the unpaid portion of the Land Premium of HK\$120,825,000, will be settled in the following manner:

- (a) HK\$28,425,000, being the initial cash deposit, shall be payable by the Purchaser to the Vendor within three business days after signing of the SPA; and
- (b) HK\$595,750,000, being the remaining balance of the Consideration, shall be satisfied by the allotment and issuance of 148,566,084 Consideration Shares at an issue price of HK\$4.01 per Share by the Company to the Vendor and/or its nominees (with a net balance of HK\$3.16 to be paid in cash to the Vendor) upon Completion.

As at the Latest Practicable Date, HK\$28,425,000, being the initial cash deposit, has been paid by the Purchaser to the Vendor.

The Consideration Shares represent (i) approximately 7.34% of the issued share capital of the Company as at the Latest Practicable Date and (ii) approximately 6.84% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares.

Under the SPA, the unpaid portion of the Land Premium (i.e. HK\$120,825,000) which is payable upon finalization of the Proposed Lease Modification and the redevelopment costs of the Site incurred from the date of the SPA shall be borne by the Purchaser.

The Site, located at no. 1 Horizon Drive and nos. 44-50 Chung Hom Kok Road, Hong Kong is currently vacant with the existing buildings being demolished. Subject to completion of the Proposed Lease Modification and according to the current redevelopment plan of the Site, the Site will be redeveloped into a luxury residential development featuring six 3-storey houses over a 1-storey carport, with each house having its own lift, private garden with swimming pool and roof garden. Site area is approximately 2,964 sq.m. and the maximum GFA under the land lease is approximately 2,223 sq.m.. Based on an assumed efficiency ratio of 75%, the redeveloped property is expected to have a marketable GFA of around 3,000 sq.m..

As certain applicable percentage ratios as defined under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Dr. Stanley Ho has 14.2% voting rights of the Vendor while Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho have indirect interest in the Vendor held through Ranillo (a company in which Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho in aggregate hold 60% interest with the remaining 40% interest held by their siblings, Ms. Josephine Ho and Mr. Lawrence Ho) which holds 71.5% voting rights of the Vendor. The remaining 14.3% voting rights of the Vendor are held by Madam Lucina Laam. Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho are Directors while Dr. Stanley Ho and Ms. Pansy Ho are substantial Shareholders. Therefore, the Vendor is a connected person of the

---

## LETTER FROM THE BOARD

---

Company under the Listing Rules and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As certain applicable percentage ratios as defined under Rule 14.07 of the Listing Rules exceed 5%, the Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

### 2. THE SPA

**Date of the SPA** 18 June 2010

#### **Parties**

**Vendor:** Hanika Realty Company Limited

**Purchaser:** Grace Wealth Development Limited (an indirect wholly-owned subsidiary of the Company)

**Purchaser's Guarantor:** The Company

Dr. Stanley Ho has 14.2% voting rights of the Vendor while Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho have indirect interest in the Vendor held through Ranillo (a company in which Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho in aggregate hold 60% interest with the remaining 40% interest held by their siblings, Ms. Josephine Ho and Mr. Lawrence Ho) which holds 71.5% voting rights of the Vendor. The remaining 14.3% voting rights of the Vendor are held by Madam Lucina Laam. Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho are Directors while Dr. Stanley Ho and Ms. Pansy Ho are substantial Shareholders. Therefore, the Vendor is a connected person of the Company under the Listing Rules.

The Purchaser (as purchaser), the Vendor (as vendor) and the Company (as guarantor to the Purchaser) entered into the SPA on 18 June 2010, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Site, free from encumbrances, at the Consideration of HK\$624,175,000.

As at the Latest Practicable Date, 10% of the Land Premium, being HK\$13,425,000, has been paid by the Vendor to the Government and the remaining 90%, being HK\$120,825,000, is payable upon the finalization of the Proposed Lease Modification. Under the SPA, such unpaid portion of the Land Premium shall be borne by the Purchaser.

The Company has unconditionally and irrevocably guaranteed to the Vendor the due and punctual performance by the Purchaser of its obligations under the SPA.

#### **Consideration**

The Consideration for the Acquisition is HK\$624,175,000 and will be settled in the following manner:

- (a) HK\$28,425,000, being the initial cash deposit, shall be payable by the Purchaser to the Vendor within three business days after signing of the SPA; and



---

## LETTER FROM THE BOARD

---

- (b) HK\$595,750,000, being the remaining balance of the Consideration, shall be satisfied by the allotment and issuance of the Consideration Shares by the Company to the Vendor and/or its nominees (with a net balance of HK\$3.16 to be paid in cash to the Vendor) upon Completion.

The purchase price of the Site was determined after arm's length negotiations between the Purchaser and the Vendor based on normal commercial terms and taking into consideration (a) the preliminary independent valuation of the Site of HK\$745,000,000, inclusive of the Land Premium, as at 4 June 2010; (b) the development potential of the Site; and (c) the general market conditions of the property market in Hong Kong.

The Site was valued by an independent property valuer appointed by the Company and the valuation of the Site was arrived by reference to sales evidence as available on the market and on the basis that vacant possession of the property would be immediately available upon completion of a sale. The property valuation report of the Site is set out in appendix I to this circular.

As at the Latest Practicable Date, HK\$28,425,000, being the initial cash deposit, has been paid by the Purchaser to the Vendor.

The unpaid portion of the Land Premium, which is payable to the Government upon finalization of the Proposed Lease Modification, shall be paid by the Purchaser to the Government when due.

In addition, the redevelopment costs (including those costs regarding planning, design, lease modification, plan submission and construction) incurred by the Vendor on the redevelopment of the Site from the date of the SPA shall be borne by the Purchaser. According to the current redevelopment plan, such redevelopment costs payable by the Vendor up to Completion are not expected to exceed HK\$12 million (excluding the unpaid portion of the Land Premium). It is not expected that, even after taking into account the payment of such redevelopment costs and the unpaid portion of the Land Premium by the Purchaser, the Acquisition will migrate from a discloseable transaction to a major transaction or a very substantial acquisition under Chapter 14 of the Listing Rules.

The cash portion of the Consideration, the unpaid portion of the Land Premium and the redevelopment costs to be borne by the Purchaser from the date of the SPA up to Completion have been/will be financed by the Group's internal resources and/or existing banking facilities.

### **Consideration Shares**

On Completion, 148,566,084 Consideration Shares will be allotted and issued to the Vendor and/or its nominees at an issue price of HK\$4.01 per Share, which was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Purchaser and the Vendor.

---

## LETTER FROM THE BOARD

---

The issue price of HK\$4.01 per Share is set with reference to the average closing price of the Shares for 20 consecutive trading days on an ex-dividend basis up to and including the second trading day immediately before the date of the SPA. It represents:

- (a) a discount of approximately 2.7% to the closing price of HK\$4.12 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 4.5% to the closing price of HK\$4.20 per Share as quoted on the Stock Exchange on the day immediately before the date of the SPA;
- (c) a discount of approximately 2.4% to the average closing price of approximately HK\$4.11 per Share for the last 5 consecutive trading days up to and including the day immediately before the date of the SPA;
- (d) a discount of approximately 2.0% to the average closing price of approximately HK\$4.09 per Share for the last 10 consecutive trading days up to and including the day immediately before the date of the SPA;
- (e) at par to the average closing price of approximately HK\$4.01 per Share on an ex-dividend basis for the last 20 consecutive trading days up to and including the day immediately before the date of the SPA;
- (f) at par to the average closing price of approximately HK\$4.01 per Share on an ex-dividend basis for the last 30 consecutive trading days up to and including the day immediately before the date of the SPA; and
- (g) a discount of approximately 42.5% to the net assets value per Share of approximately HK\$6.97 as at 31 December 2009 calculated based on Shares in issue as at the Latest Practicable Date.

The Consideration Shares comprising 148,566,084 Shares represent (i) approximately 7.34% of the issued share capital of the Company as at the Latest Practicable Date and (ii) approximately 6.84% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares.

The Consideration Shares will rank, upon allotment and issuance, pari passu in all respects with the Shares in issue from the date of allotment and issuance of the Consideration Shares.

An application has been made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange. The Consideration Shares will be allotted and issued under a special mandate to be approved by the Independent Shareholders at the EGM.

---

## LETTER FROM THE BOARD

---

### Conditions precedent

Completion of the SPA is conditional upon the following conditions precedent having been fulfilled:

- (a) the Board of the Company approving the SPA and the transactions contemplated thereunder;
- (b) the Independent Shareholders passing at the EGM ordinary resolution(s) approving the SPA and the transactions contemplated thereunder;
- (c) the approval of the SPA and the transactions contemplated thereunder by the shareholders of the Vendor at an extraordinary general meeting of the Vendor;
- (d) the Proposed Lease Modification having been granted by the Government;
- (e) the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange;
- (f) the discharge by the Vendor of all debts secured by the existing mortgage over the Site before Completion;
- (g) the Vendor obtaining (1) a revised clause in the lease modification letter in relation to the Proposed Lease Modification to be issued which acknowledges the SPA and the transactions contemplated thereunder as an exception to the requirement of deposit of an approved car park layout plan prior to entering into any transaction; or (2) a waiver, or any other document(s) to that effect, in writing issued by the Government waiving the requirement for the deposit of an approved car park layout plan with the Government prior to entering into the SPA; and
- (h) the satisfaction of all regulatory requirements in Hong Kong.

As at the Latest Practicable Date, conditions (a) and (c) above have been fulfilled. In the event that any of the above conditions precedent is not fulfilled on or before 31 December 2010 (or such other date as may be mutually agreed by the parties to the SPA), the SPA will lapse and the Acquisition will not proceed to Completion. All moneys paid by the Purchaser pursuant to the SPA shall, after due settlement of any antecedent breaches of the provisions of the SPA, be refunded/reimbursed by the Vendor to the Purchaser.

### Other Major Terms

- (a) After signing of the SPA, the Purchaser is allowed to participate in the negotiation with the Government on the Proposed Lease Modification and any subsequent changes to the proposed terms of the Proposed Lease Modification subsisting at the date of the SPA shall be subject to the prior consent of the Purchaser.

---

## LETTER FROM THE BOARD

---

- (b) After signing of the SPA and up to Completion, the amount secured under the existing mortgage over the Site shall not exceed HK\$300,000,000 and the Vendor shall not create any further mortgage, charge, tenancy or licence over or dispose of the Site. As at the Latest Practicable Date, the amount secured under the existing mortgage over the Site was approximately HK\$56 million.

### Completion

Completion of the SPA will take place within five business days after the date of fulfillment of all the conditions precedent of the SPA, or such other date as may be mutually agreed between the parties to the SPA.

### 3. EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the Latest Practicable Date and immediately after Completion, assuming there are no other changes to the existing shareholding structure, are:

Shareholders	Note	As at the Latest Practicable Date		Immediately after Completion	
		No. of Shares	Approx. %	No. of Shares	Approx. %
Dr. Stanley Ho	(i)	289,957,750	14.33%	289,957,750	13.35%
Shun Tak Shipping Company, Limited and its subsidiaries	(ii)	308,057,215	15.22%	308,057,215	14.18%
Ms. Pansy Ho	(iii)	239,019,265	11.81%	239,019,265	11.00%
Ms. Daisy Ho	(iv)	143,468,518	7.09%	143,468,518	6.60%
Ms. Maisy Ho	(v)	34,747,353	1.72%	34,747,353	1.60%
Mrs. Louise Mok	(vi)	342,627	0.02%	342,627	0.02%
The Vendor and/or its nominees		—	0.00%	148,566,084	6.84%
Other Shareholders		<u>1,008,118,075</u>	<u>49.81%</u>	<u>1,008,118,075</u>	<u>46.41%</u>
<b>Total</b>		<u><u>2,023,710,803</u></u>	<u><u>100.00%</u></u>	<u><u>2,172,276,887</u></u>	<u><u>100.00%</u></u>

*Notes:*

- (i) Including Shares held by companies wholly-owned by Dr. Stanley Ho, being a Director and a substantial Shareholder.
- (ii) Shun Tak Shipping Company, Limited is a company owned over 30% by Dr. Stanley Ho.
- (iii) Including Shares held by companies wholly-owned by Ms. Pansy Ho, being a Director and a substantial Shareholder.
- (iv) Including Shares held by a company wholly-owned by Ms. Daisy Ho, being a Director.
- (v) Including Shares held by a company wholly-owned by Ms. Maisy Ho, being a Director.
- (vi) Mrs. Louise Mok is a Director and a sister of Dr. Stanley Ho.

---

## LETTER FROM THE BOARD

---

#### 4. INFORMATION ON THE VENDOR, THE PURCHASER AND THE SITE

The Vendor is a company incorporated in Hong Kong, in which Ranillo, Dr. Stanley Ho and Madam Lucina Laam directly hold 71.5%, 14.2% and 14.3% voting rights respectively. Ranillo is a company incorporated in the British Virgin Islands and owned as to 20% by each of Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Ms. Josephine Ho and Mr. Lawrence Ho, being the children of Dr. Stanley Ho. As at the Latest Practicable Date, the Vendor's principal business was holding and redeveloping the Site.

According to the information provided by the Vendor, the original purchase cost of the Site to the Vendor was approximately HK\$31.3 million and the Site was recorded in the accounts of the Vendor for the year ended 31 March 1983, being the earliest record of the Site in the books of the Vendor.

Since the original purchase cost of the Site to the Vendor of approximately HK\$31.3 million was determined over 20 years ago, the substantial increase in the value of the Site was mainly attributable to various factors including the increase in the demand for the luxury residential properties hence increasing the property prices, substantial economic growth and general inflation condition in Hong Kong over the past two decades.

The Purchaser is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. As at the Latest Practicable Date, the Purchaser had no business operations other than its interest in the SPA.

The Site, located at no. 1 Horizon Drive and nos. 44-50 Chung Hom Kok Road, Hong Kong, is currently vacant with the existing buildings being demolished. Subject to completion of the Proposed Lease Modification and according to the current redevelopment plan of the Site, the Site will be redeveloped into a luxury residential development featuring six 3-storey houses over a 1-storey carport, with each house having its own lift, private garden with swimming pool and roof garden. Site area is approximately 2,964 sq.m. and the maximum GFA under the land lease is approximately 2,223 sq.m.. Based on an assumed efficiency ratio of 75%, the redeveloped property is expected to have a marketable GFA of around 3,000 sq.m..

According to the management accounts of the Vendor for the year ended 31 March 2010, both the pre- and post-tax net loss attributable to the Site for that year was approximately HK\$0.4 million. According to the audited financial statements of the Vendor for the year ended 31 March 2009, the pre- and post-tax net loss attributable to the Site for that year was approximately HK\$149.9 million and approximately HK\$116.8 million respectively (including a pre-tax decrease in fair value of the Site of approximately HK\$148.7 million, which was mainly attributable to the outbreak of global financial tsunami in late 2008 that adversely affected the global economy, including property prices of the Hong Kong property market).

---

## LETTER FROM THE BOARD

---

### 5. BACKGROUND TO, AND REASON FOR, THE ACQUISITION

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.

The Site is located at one of the prime residential areas in Hong Kong. The Company believes that the Acquisition, which is in line with the Group's existing business, will provide an opportunity for the Group to enrich its landbank by adding a scarce and premium residential site to its portfolio and will well place the Company to benefit from the positive outlook of the Hong Kong luxury residential market. As a result, the Site, after completion of the redevelopment, is expected to contribute attractive return to the Group.

By settling more than 95% of the Consideration (HK\$595,750,000 out of HK\$624,175,000) by issuance of the Consideration Shares, the Group's cash resources will be conserved for other investment opportunities that may arise in the future.

### 6. IMPLICATON UNDER THE LISTING RULES

As certain applicable percentage ratios as defined under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Vendor is beneficially owned by Dr. Stanley Ho and his family members. The Acquisition therefore also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As certain applicable percentage ratios as defined under Rule 14.07 of the Listing Rules exceed 5%, the Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho, all being Directors, are the beneficial owners of the Vendor. Therefore, they are considered to have material interests in the Acquisition and have abstained from voting on the board resolutions in respect of the Acquisition. Mrs. Louise Mok, being a Director, in view of her sister-brother relationship with Dr. Stanley Ho, has also abstained from voting on the board resolutions in respect of the Acquisition.

Pursuant to Rule 14A.54 of the Listing Rules, any connected person and any Shareholder and their associates with a material interest in the Acquisition are required to abstain from voting on the ordinary resolution to be proposed at the EGM for approving the same. As required under the Listing Rules, (i) the beneficial owners of the Vendor who are Shareholders, being Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Madam Lucina Laam, and their respective associates, including Mrs. Louise Mok and Shun Tak Shipping Company, Limited, a company owned as to over 30% by Dr. Stanley Ho, and those of its subsidiaries which are Shareholders; and (ii) any other Shareholders with a material interest in the Acquisition and his/her associates shall abstain from voting on the proposed ordinary resolution for approving the Acquisition (including the allotment and issuance of the Consideration Shares) pursuant to the SPA and the transactions contemplated thereunder at the EGM or any adjourned meeting thereof.

---

## LETTER FROM THE BOARD

---

Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Madam Lucina Laam, the beneficial owners of the Vendor, Mrs. Louise Mok, a sister of Dr. Stanley Ho, and Shun Tak Shipping Company, Limited, an associate of Dr. Stanley Ho, and those of its subsidiaries which are Shareholders, who in aggregate held approximately 50.39% of the issued share capital of the Company as at the Latest Practicable Date, are required to abstain from voting on the ordinary resolution to be proposed at the EGM for approving the Acquisition (including the allotment and issuance of the Consideration Shares).

### **7. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising Sir Roger Lobo, Mr. Norman Ho and Mr. Charles Ho, the three independent non-executive Directors, has been formed to consider, and to advise the Independent Shareholders on, the Acquisition.

Platinum Securities has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisition. Its appointment has been approved by the Independent Board Committee.

### **8. RECOMMENDATION**

Having considered the reasons set out herein, the Directors (excluding the Abstained Directors) are of the view that the Acquisition is in the ordinary and usual course of business of the Company, on normal commercial terms, on terms that are fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM for approving the Acquisition (including the allotment and issuance of the Consideration Shares).

Your attention is drawn to the letter from the Independent Board Committee containing its recommendation to Independent Shareholders set out on page 15 of this circular, the letter from Platinum Securities set out on pages 16 to 26 of this circular and the property valuation report of the Site in appendix I to this circular before considering whether to vote in favour of or against the ordinary resolution to be proposed at the EGM for approving the Acquisition (including the allotment and issuance of the Consideration Shares) as set out in the notice of the EGM contained in this circular.

### **9. EGM**

A notice convening the EGM to be held at the Boardroom, Penthouse 39th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Tuesday, 27 July 2010 at 11:00 a.m. is set out on pages 43 to 45 of this circular.

An ordinary resolution will be proposed at the EGM to approve the Acquisition (including the allotment and issuance of the Consideration Shares).

---

## LETTER FROM THE BOARD

---

In compliance with the requirement of Rule 13.39(4) of the Listing Rules, the ordinary resolution to be proposed at the EGM to approve the Acquisition (including the allotment and issuance of the Consideration Shares) will be taken by poll.

A form of proxy for use at the EGM or any adjourned meeting thereof is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy and return it as soon as possible to the registered office of the Company at Penthouse 39th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong in accordance with the instructions printed thereon and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Yours faithfully,  
For and on behalf of the Board  
**Shun Tak Holdings Limited**  
**Pansy Ho**  
*Managing Director*



---

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---



**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>**

12 July 2010

*To the Independent Shareholders,*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
INVOLVING ISSUANCE OF NEW SHARES  
IN RELATION TO THE ACQUISITION OF  
A RESIDENTIAL SITE IN HONG KONG**

We refer to the circular dated 12 July 2010 of the Company (the “Circular”), of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the terms and conditions of the Acquisition and to advise the Independent Shareholders thereon. Platinum Securities has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

We wish to draw your attention to the letter from the Board as set out on pages 4 to 14 of the Circular which contains details of the Acquisition and the letter from Platinum Securities as set out on pages 16 to 26 of the Circular which contains its advice and recommendation in respect of the Acquisition to the Independent Board Committee and the Independent Shareholders.

Having taken into account the advice and recommendation of Platinum Securities, we consider that the Acquisition is (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; (iii) on terms that are fair and reasonable; and (iv) in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Acquisition (including the allotment and issuance of the Consideration Shares).

Yours faithfully,  
For and on behalf of  
**the Independent Board Committee of  
Shun Tak Holdings Limited**  
**Sir Roger Lobo, Mr. Norman Ho and Mr. Charles Ho**  
*Independent non-executive Directors*

---

## LETTER FROM PLATINUM SECURITIES

---

*The following is the text of the letter of advice from the independent financial adviser to the Independent Board Committee for the purpose of incorporation into this Circular.*



**PLATINUM** Securities Company Limited

22/F Standard Chartered Bank Building  
4 Des Voeux Road Central  
Hong Kong

Telephone (852) 2841 7000  
Facsimile (852) 2522 2700  
Website [www.platinum-asia.com](http://www.platinum-asia.com)

12 July 2010

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

### **DISCLOSEABLE AND CONNECTED TRANSACTION INVOLVING ISSUANCE OF NEW SHARES IN RELATION TO THE ACQUISITION OF A RESIDENTIAL SITE IN HONG KONG**

#### **INTRODUCTION**

We refer to the announcement of the Company dated 18 June 2010. On 12 July 2010, the Company despatched a circular (the “Circular”) to the Shareholders. Details of the Acquisition (the “Transaction”) are contained in the letter from the Board in the Circular. You should read the Circular including the letter from the Board carefully.

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Transaction is on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and as to whether the Independent Shareholders should vote in favour of the Transaction at the EGM. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

We are independent from, and are not connected with the Company, any other party to the Transaction or any of their respective associates, connected persons or parties acting in concert with any of them and accordingly, we are considered eligible to give independent advice to the Independent Board Committee and the Independent Shareholders.

We will receive a fee from the Company for our role as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction. Apart from this normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the Transaction or any of their respective associates, connected persons or parties acting in concert with any of them.

---

## LETTER FROM PLATINUM SECURITIES

---

In formulating our opinion, we have relied on the information and facts supplied to us by the Company. We have reviewed, among other things: (i) the annual report of the Group for the financial year ended 31 December 2009 (the “2009 Annual Report”); and (ii) the property valuation report (the “Valuation Report”) of the Site dated 12 July 2010 prepared by Savills Valuation and Professional Services Limited (the “Valuer”), an independent property valuer, as set out in Appendix I to the Circular.

We have assumed that all information, facts, opinions and representations contained in the Circular are true, complete and accurate in all material respects and we have relied on the same. The Directors have confirmed that they take full responsibility for the contents of the Circular, and have made all reasonable inquiries that no material facts have been omitted from the information supplied to us.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information of all facts as set out in the Circular and of the information and representations provided to us by the Company. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the Company and/or the Directors which have been provided to us. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Company. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Transaction.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely, Sir Roger Lobo, Mr. Norman Ho and Mr. Charles Ho, has been established to advise the Independent Shareholders in relation to the Transaction.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion in relation to the Transaction and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

#### **1. Background of the Transaction**

On 18 June 2010, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor (a connected person of the Company under the Listing Rules) and the Company (as guarantor to the Purchaser) entered into the SPA, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Site.

#### **2. Principal terms of the Transaction**

##### **The SPA**

##### **(a) Date**

18 June 2010

---

## LETTER FROM PLATINUM SECURITIES

---

### (b) Parties

Vendor:	Hanika Realty Company Limited
Purchaser:	Grace Wealth Development Limited (an indirect wholly-owned subsidiary of the Company)
Purchaser's Guarantor:	The Company

The Purchaser (as purchaser), the Vendor (as vendor) and the Company (as guarantor to the Purchaser) entered into the SPA on 18 June 2010, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Site, free from encumbrances, at the Consideration of HK\$624,175,000.

As at the Latest Practicable Date, 10% of the Land Premium, being HK\$13,425,000, has been paid by the Vendor to the Government and the remaining 90%, being HK\$120,825,000, is payable upon the finalization of the Proposed Lease Modification. Under the SPA, such unpaid portion of the Land Premium shall be borne by the Purchaser.

The Company has unconditionally and irrevocably guaranteed to the Vendor the due and punctual performance by the Purchaser of its obligations under the SPA.

### The Site

The Site, located at no. 1 Horizon Drive and nos. 44-50 Chung Hom Kok Road, Hong Kong, is currently vacant with the existing buildings being demolished. Subject to completion of the Proposed Lease Modification and according to the current redevelopment plan of the Site, the Site will be redeveloped into a luxury residential development featuring six 3-storey houses over a 1-storey carport, with each house having its own lift, private garden with swimming pool and roof garden. Site area is approximately 2,964 sq.m. and the maximum GFA under the land lease is approximately 2,223 sq.m.. Based on an assumed efficiency ratio of 75%, the redeveloped property is expected to have a marketable GFA of around 3,000 sq.m..

### Consideration

The Consideration for the Acquisition is HK\$624,175,000 and will be settled in the following manner:

- (a) HK\$28,425,000, being the initial cash deposit, shall be payable by the Purchaser to the Vendor within three business days after signing of the SPA; and
- (b) HK\$595,750,000, being the remaining balance of the Consideration, shall be satisfied by the allotment and issuance of the Consideration Shares by the Company to the Vendor and/or its nominees (with a net balance of HK\$3.16 to be paid in cash to the Vendor) upon Completion.

---

## LETTER FROM PLATINUM SECURITIES

---

The unpaid portion of the Land Premium, which is payable to the Government upon finalization of the Proposed Lease Modification, shall be paid by the Purchaser to the Government when due.

The cash portion of the Consideration, the unpaid portion of the Land Premium and the redevelopment costs to be borne by the Purchaser from the date of the SPA up to Completion have been/will be financed by the Group's internal resources and/or existing banking facilities.

### **Conditions precedent**

Completion of the SPA is conditional upon the following conditions precedent having been fulfilled:

- (a) the Board of the Company approving the SPA and the transactions contemplated thereunder;
- (b) the Independent Shareholders passing at the EGM ordinary resolution(s) approving the SPA and the transactions contemplated thereunder;
- (c) the approval of the SPA and the transactions contemplated thereunder by the shareholders of the Vendor at an extraordinary general meeting of the Vendor;
- (d) the Proposed Lease Modification having been granted by the Government;
- (e) the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange;
- (f) the discharge by the Vendor of all debts secured by the existing mortgage over the Site before Completion;
- (g) the Vendor obtaining (1) a revised clause in the lease modification letter in relation to the Proposed Lease Modification to be issued which acknowledges the SPA and the transactions contemplated thereunder as an exception to the requirement of deposit of an approved car park layout plan prior to entering into any transaction; or (2) a waiver, or any other document(s) to that effect, in writing issued by the Government waiving the requirement for the deposit of an approved car park layout plan with the Government prior to entering into the SPA; and
- (h) the satisfaction of all regulatory requirements in Hong Kong.

As at the Latest Practicable Date, conditions (a) and (c) above have been fulfilled. In the event that any of the above conditions precedent is not fulfilled on or before 31 December 2010 (or such other date as may be mutually agreed by the parties to the SPA), the SPA will lapse and the Acquisition will not proceed to Completion. All moneys paid by the Purchaser pursuant to the SPA shall, after due settlement of any antecedent breaches of the provisions of the SPA, be refunded/reimbursed by the Vendor to the Purchaser.

---

## LETTER FROM PLATINUM SECURITIES

---

### Other Major Terms

- (a) After signing of the SPA, the Purchaser is allowed to participate in the negotiation with the Government on the Proposed Lease Modification and any subsequent changes to the proposed terms of the Proposed Lease Modification subsisting at the date of the SPA shall be subject to the prior consent of the Purchaser.
- (b) After signing of the SPA and up to Completion, the amount secured under the existing mortgage over the Site shall not exceed HK\$300,000,000 and the Vendor shall not create any further mortgage, charge, tenancy or licence over or dispose of the Site. As at the Latest Practicable Date, the amount secured under the existing mortgage over the Site was approximately HK\$56 million.

### Completion

Completion of the SPA will take place within five business days after the date of fulfillment of all the conditions precedent of the SPA, or such other date as may be mutually agreed between the parties to the SPA.

### 3. Business of the Group

As stated in the letter from the Board in the Circular, 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.

### 4. Reasons for the Transaction

As stated in the letter from the Board in the Circular, the Site is located at one of the prime residential areas in Hong Kong. The Company believes that the Acquisition, which is in line with the Group's existing business, will provide an opportunity for the Group to enrich its landbank by adding a scarce and premium residential site to its portfolio and will well place the Company to benefit from the positive outlook of the Hong Kong luxury residential market. As a result, the Site, after completion of the redevelopment, is expected to contribute attractive return to the Group.

Based on our discussion with and information provided by the Valuer, we note that the luxury residential market saw modest price growth and slowing transaction volume in the second quarter of 2010 after a sharp rebound in the luxury property market in 2009 which continued into the first quarter of 2010 fuelled by a combination of low interest rates and strong liquidity. We understand that the slow down in transaction volume was mainly due to vendors standing firm on asking prices and unwilling to give any discounts given their confidence in the luxury property market.

In particular, due to their scarcity and redevelopment potential, townhouses continue to appeal to the local super rich and affluent buyers from around the region. Overall average selling prices of townhouses in Hong Kong increased by 15.5% over the first quarter of 2010, achieving an average price of HK\$31,000 per square foot; whilst the average selling price of townhouses in the Southside

---

## LETTER FROM PLATINUM SECURITIES

---

of Hong Kong Island, where the Site is located, rose 13.6% and 54.2% in the first quarter of 2010 and in the whole year of 2009 respectively. Given the limited supply of townhouses in Hong Kong and limited foreseeable downside factors at present, the outlook of luxury residential houses is positive with an expected gradual steady increase in prices.

As such, we are of the view that the Transaction is in the ordinary and usual course of business of the Group and is also in line with the Group's strategy.

### **5. Basis of the Consideration**

The purchase price of the Site was determined after arm's length negotiations between the Purchaser and the Vendor based on normal commercial terms and taking into consideration (a) the preliminary independent valuation of the Site of HK\$745,000,000, inclusive of the Land Premium, as at 4 June 2010; (b) the development potential of the Site; and (c) the general market conditions of the property market in Hong Kong.

The Site was valued by the Valuer appointed by the Company and the valuation of the Site was arrived by reference to sales evidence as available on the market and on the basis that vacant possession of the property would be immediately available upon completion of a sale.

We understand from the management of the Company and the Valuer that the valuation of the Site has been arrived at after taking into consideration the Land Premium, of which HK\$13,425,000 has been paid by the Vendor to the Government whilst the remaining amount of HK\$120,825,000 would be payable by the Group to the Government upon finalization of the Proposed Lease Modification. As such, after subtracting such Land Premium payable from the valuation of the Site, the resulting Consideration is HK\$624,175,000.

In addition, the redevelopment costs (including those costs regarding planning, design, lease modification, plan submission and construction) incurred by the Vendor on the redevelopment of the Site from the date of the SPA shall be borne by the Purchaser. According to the current redevelopment plan, such redevelopment costs payable by the Vendor up to Completion are not expected to exceed HK\$12 million (excluding the unpaid portion of the Land Premium).

Based on the discussion with the management of the Company, we note that such redevelopment costs to be borne by the Purchaser would only include actual redevelopment expenses incurred or to be incurred by the Vendor until Completion.

As stated in the letter from the Board in the Circular, the original purchase cost of the Site to the Vendor was approximately HK\$31.3 million. Based on our discussion with the management of the Company, we understand that the Site was recorded in the accounts of the Vendor for the financial year ended 31 March 1983, being the earliest record of the Site in the books of the Vendor. As the property market has grown substantially since then with significant increases in property prices, we are of the view that the relevance of the original purchase cost is insignificant for assessing the fairness and reasonableness of the Consideration.

---

## LETTER FROM PLATINUM SECURITIES

---

In light of the above, we are of the view that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **6. Consideration Shares**

As stated in the letter from the Board in the Circular, on Completion, 148,566,084 Consideration Shares will be allotted and issued to the Vendor and/or its nominees at an issue price of HK\$4.01 per Share (the “Issue Price”), which was determined with reference to the prevailing market price of the Shares and was negotiated on an arm’s length basis between the Purchaser and the Vendor.

The Issue Price of HK\$4.01 per Share is set with reference to the average closing price of the Shares for 20 consecutive trading days on an ex-dividend basis up to and including the second trading day immediately before the date of the SPA.

The Consideration Shares will rank, upon allotment and issuance, *pari passu* in all respects with the Shares in issue from the date of allotment and issuance of the Consideration Shares.

#### **A. Comparison of the Issue Price to the net assets value (“NAV”) per Share of the Group**

In order to assess the fairness and reasonableness of the Issue Price, we have compared the Issue Price against the NAV per Share of the Group.

The Issue Price of HK\$4.01 represents a discount of approximately 42.5% to the NAV per Share of the Group (the “Issue Price Discount”) of approximately HK\$6.97 as at 31 December 2009 calculated based on the number of Shares in issue as at the Latest Practicable Date.

We note that the Shares were traded at discounts ranging from approximately 39.7% to approximately 46.6% (the “Historical Discount Range”), with an average discount of approximately 42.5% (the “Average Historical Discount”), to the NAV per Share of the Group on an ex-dividend basis for the 30 consecutive trading days up to and including the day immediately before the date of the SPA. As such, the Issue Price Discount is within the Historical Discount Range and is also equal to the Average Historical Discount.

#### **B. Comparison of the Issue Price to the historical closing price of the Shares**

In addition to the comparison with the NAV per Share of the Group, we have also compared the Issue Price to the historical closing prices of the Shares.

The Issue Price represents:

- (a) a discount of approximately 2.7% to the closing price of HK\$4.12 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 4.5% to the closing price of HK\$4.20 per Share as quoted on the Stock Exchange on the day immediately before the date of the SPA;



---

## LETTER FROM PLATINUM SECURITIES

---

- (c) a discount of approximately 2.0% to the average closing price of approximately HK\$4.09 per Share for the last 10 consecutive trading days up to and including the day immediately before the date of the SPA;
- (d) at par to the average closing price of approximately HK\$4.01 per Share on an ex-dividend basis for the last 20 consecutive trading days up to and including the day immediately before the date of the SPA; and
- (e) at par to the average closing price of approximately HK\$4.01 per Share on an ex-dividend basis for the last 30 consecutive trading days up to and including the day immediately before the date of the SPA.

We note from the above analysis that the difference between the Issue Price and the various historical closing prices of the Shares range from at par to a discount of approximately 4.5%. We are of the view that it is more meaningful to compare the Issue Price with the closing prices of the Shares before the announcement of the Transaction. In addition, based on our discussion with the management of the Company, we understand that the Company has considered other alternative payment methods apart from issuance of the Consideration Shares to partially settle the Consideration. After taking into consideration the current financial position and future potential investments of the Group, we concur with the view of the management of the Company that, by settling the Consideration partially through issuance of the Consideration Shares, the Group would be able to maintain its financial flexibility by reserving its cash balance as working capital and for future investment opportunities.

In light of the above, in particular:

- (i) the Issue Price Discount is within the Historical Discount Range and is also equal to the Average Historical Discount;
- (ii) the Issue Price is at par to the average closing price on an ex-dividend basis for the last 20 and 30 consecutive trading days up to and including the day immediately before the date of the SPA;
- (iii) settling part of the Consideration through issuing the Consideration Shares would enable the Group to maintain its financial flexibility; and
- (iv) settling part of the Consideration through issuing the Consideration Shares would have an overall positive financial impact on the Group as discussed in the below section headed “Financial impact”,

we are of the view that it is reasonable to satisfy part of the Consideration through issuing the Consideration Shares and the Issue Price is acceptable.

---

## LETTER FROM PLATINUM SECURITIES

---

### 7. Financial impact

#### A. Effect on NAV

According to the 2009 Annual Report, NAV of the Group as at 31 December 2009 was approximately HK\$14,096 million. NAV per Share of the Group as at 31 December 2009, based on approximately 2,023.7 million Shares in issue as at the Latest Practicable Date, was approximately HK\$6.97. As stated in the letter from the Board in the Circular, upon Completion, the number of Shares in issue will increase to approximately 2,172.3 million Shares. In addition, assuming the fair value per Share is HK\$4.01, the value of the Consideration Shares amounts to approximately HK\$596 million. Together with the HK\$28 million cash consideration, the total Consideration amounts to approximately HK\$624 million. As a result, the Transaction would have a positive impact on the NAV of the Group, but a slightly negative impact on the NAV per Share upon Completion.

#### B. Effect on earnings

According to the 2009 Annual Report, profit attributable to the Shareholders was approximately HK\$2,874 million. As stated in the letter from the Board in the Circular and based on discussion with the management of the Company, we note that the Transaction is expected to contribute attractive return to the Group and would have a positive impact on the earnings of the Group upon Completion. Since the Site is currently vacant for future development, as such, we are not able to determine the Transaction's impact on the earnings per Share upon Completion at current stage.

#### C. Effect on net gearing

According to the 2009 Annual Report, as at 31 December 2009, the net gearing ratio of the Group was approximately 27.5%. Although the Consideration will partially be settled in cash, thereby decreasing the cash level of the Group, the Transaction will still have a positive impact on the NAV of the Group and thus, improve the net gearing ratio of the Group.

In light of the above, in particular, the Transaction will:

- (i) have a positive impact on the NAV of the Group, but a slightly negative impact on the NAV per Share;
- (ii) have a positive impact on earnings of the Group; and
- (iii) improve the net gearing ratio of the Group,

we are of the view that the Transaction will have an overall positive financial impact on the Group.

---

## LETTER FROM PLATINUM SECURITIES

---

### 8. Potential dilution

Table 1 below sets out the shareholding structure of the Company as at the Latest Practicable Date and the potential dilutive effect upon Completion.

**Table 1: Shareholding structure of the Company and the potential dilution**

Shareholders	As at the Latest Practicable Date		Immediately after Completion	
	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%
Dr. Stanley Ho	289,957,750	14.33%	289,957,750	13.35%
Shun Tak Shipping Company, Limited and its subsidiaries	308,057,215	15.22%	308,057,215	14.18%
Ms. Pansy Ho	239,019,265	11.81%	239,019,265	11.00%
Ms. Daisy Ho	143,468,518	7.09%	143,468,518	6.60%
Ms. Maisy Ho	34,747,353	1.72%	34,747,353	1.60%
Mrs. Louise Mok	342,627	0.02%	342,627	0.02%
The Vendor and/or its nominees	—	0.00%	148,566,084	6.84%
Other Shareholders	<u>1,008,118,075</u>	<u>49.81%</u>	<u>1,008,118,075</u>	<u>46.41%</u>
<b>Total</b>	<u><u>2,023,710,803</u></u>	<u><u>100.00%</u></u>	<u><u>2,172,276,887</u></u>	<u><u>100.00%</u></u>

From Table 1 above, shareholding of other Shareholders will decrease from approximately 49.81% as at the Latest Practicable Date to approximately 46.41% immediately after Completion, which represents a dilution of approximately 3.40%.

Taking into account that:

- (i) the Vendor together with its parties acting in concert already has majority control of the Company and will together remain as the largest Shareholder of the Company;
- (ii) as discussed in the above section headed “Consideration Shares”, the Issue Price is acceptable; and
- (iii) as discussed in the above section headed “Consideration Shares”, partial settlement of the Consideration through issuing the Consideration Shares would enable the Group to maintain its financial flexibility,

we consider that the potential dilution of shareholding immediately after Completion is acceptable.

---

## LETTER FROM PLATINUM SECURITIES

---

### RECOMMENDATION

We have considered the above principal factors and reasons and in particular, have taken into account the following factors in arriving at our opinion:

- (i) the Transaction is in the ordinary and usual course of business of the Group and is also in line with the Group's strategy;
- (ii) the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole;
- (iii) it is reasonable to satisfy part of the Consideration through issuing the Consideration Shares and the Issue Price is acceptable;
- (iv) the Transaction will have an overall positive financial impact on the Group; and
- (v) the potential dilution of shareholding immediately after Completion is acceptable.

Having considered the above, we are of the view that the Transaction is in the ordinary and usual course of business of the Group, in line with the strategy of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transaction.

Yours faithfully,  
For and on behalf of

**Platinum Securities Company Limited**

**Ian Ramsay**  
*Director and Head of Corporate Finance*

**Lenny Li**  
*Director*

*The following is the text of the letter and the valuation report received from Savills Valuation and Professional Services Limited, an independent property valuer, prepared for the purpose for incorporation in this circular, in connection with their valuation of the Site as at 4 June 2010.*



Savills Valuation and  
Professional Services Limited  
23/F Two Exchange Square  
Central, Hong Kong

T: (852) 2801 6100  
F: (852) 2530 0756

EA LICENCE: C-023750  
savills.com

The Board of Directors  
Shun Tak Holdings Limited  
Penthouse, 39th Floor  
West Tower, Shun Tak Centre  
200 Connaught Road Central  
Hong Kong

12 July 2010

Dear Sirs

**RE: 1 HORIZON DRIVE, CHUNG HOM KOK, HONG KONG**

In accordance with your instructions for us to value the captioned property to be acquired by Shun Tak Holdings Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) for redevelopment purposes, we confirm that we have carried out inspection, made relevant searches and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of this property as at 4 June 2010 for public circular purposes.

Our valuation is our opinion of the market value of the property concerned which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically

excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

Our valuation is prepared in accordance with The Hong Kong Institute of Surveyors Valuation Standards on Properties (1st Edition 2005) published by The Hong Kong Institute of Surveyors and in compliance with the requirements of Chapter 5 of the Rules Governing the Listing of Securities published by The Stock Exchange of Hong Kong Limited.

We have valued the property by reference to sales evidence as available on the market and on the basis that vacant possession of the property would be immediately available upon completion of a sale.

We have not been provided with any title documents relating to the property but we have caused searches to be made at the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of your legal advisers.

We have relied to a very considerable extent on information given by you and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, approved building plans, site area, floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents and leases provided to us and are therefore only approximations.

We have inspected the exterior of the property but we have not carried out investigations on site to determine the suitability of the ground conditions and services etc for future redevelopment. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period. We have not been able to carry out detailed site measurements to verify the correctness of the site area of the property and we have assumed that the site area shown on the documents handed to us is correct.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

We enclose herewith our valuation certificate.

Yours faithfully

For and on behalf of

**Savills Valuation and Professional Services Limited**

**Charles C K Chan**

MSc FRICS FHKIS MCI Arb RPS(GP)

*Managing Director*

*Note:* Mr Charles C K Chan, Chartered Estate Surveyor, MSc, FRICS, FHKIS, MCI Arb, RPS(GP), has been a qualified valuer since 1987 and has about 25 years' experience in the valuation of properties in Hong Kong.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 4 June 2010
1 Horizon Drive, Chung Hom Kok, Hong Kong Rural Building Lot No. 811	The property comprises a roughly trapezoid site with a registered site area of approximately 31,900 sq ft (2,963.58 sq m).	The property is a vacant site.	HK\$745,000,000
	The property is currently fenced with hoardings and the existing buildings have been partly demolished.		
	In accordance with the information provided, the property is planned to be redeveloped into a luxury residential development comprising six 3-storey houses over 1 storey carport. Each house will have its own lift, private garden with swimming pool, roof garden with Jacuzzi and 2 car parking spaces on the carport level.		
	The total gross floor area of the proposed development will be approximately 23,922 sq ft (2,222.45 sq m).		
	Rural Building Lot No. 811 is held under Conditions of Sale No. 9765 for a term of 75 years commencing from 12 October 1970 at an annual Government rent of HK\$586.		

*Notes:*

- (1) The registered owner of the property is Hanika Realty Company Limited.
- (2) We have been provided with a set of building plans approved by the Building Authority on 22 April 2010 for the proposed redevelopment.
- (3) The property is subject to two modification letters dated 23 August 1988 and 6 May 2009 respectively and a consent letter dated 25 August 2009.
- (4) The property is subject to a mortgage in favour of Chong Hing Bank Limited.
- (5) According to Conditions of Sale No.9765, development on the property has the following salient conditions:-  
User : (2) The lot shall not be used for any purposes other than for private residential purposes.



- No. of Storey and Site Coverage : (12) Upon development or redevelopment of the lot or any part thereof, the building or buildings erected or to be erected shall not exceed 3 storey in height and shall in all respects comply with the Buildings Ordinance, any regulations made thereunder and any amending legislation, and shall not result in the coverage limitations of the lot or part being such that
- 100/30 x roofed-over area of a 1 or 2 storey building.
- Plus 100/25 x roofed-over area of a 3 storey building would be greater than the area of the lot or part thereof.
- Parking Spaces : (14) Space shall be provided within the lot to the satisfaction of the Director of Public Works for parking of motor vehicles at the rate of not less than 1.5 cars per flat or per floor. Car parking space under the buildings will be permitted in addition to the number of storeys stated in Special Condition No.(12) above.
- (6) According to the proposed lease modification letter issued by Lands Department dated 10 May 2010 (the “Proposed Modification Letter”), a residential development on the property is permitted with following salient conditions:-
- Premium : HK\$134,250,000
- User : Private residential purpose
- GFA : Total GFA: Minimum 1,334 sq m; Maximum 2,222.7 sq m
- Maximum Site Coverage : 25% of the area of the lot
- Maximum No. of Storeys : 3 storeys over 1 storey of carport
- Parking Spaces : At a rate of 2 spaces for each house having a gross floor area of not less than 160 sq m
- (7) In the course of our valuation, we have valued the property with the benefit of proposed redevelopment scheme and assumed that the proposed redevelopment will comply with the development conditions as stipulated in Conditions of Sale No. 9765, the subsequent modification and consent letters and the Proposed Modification Letter. We have further assumed that the Proposed Modification Letter will be accepted by the owner of the property and that the associated premium has been fully paid.
- (8) The property lies within an area zoned “Residential (Group C)” under Stanley Outline Zoning Plan.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (1) Disclosure of Directors' Interests

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 of the Listing Rules, were as follows:

#### (a) *Interests of the Directors in Shares and Underlying Shares of the Company*

Name of Director	Nature of interests	Number of Shares held		Approximate percentage of total issued Shares Note (i)
		Personal interests	Corporate interests	
Dr. Stanley Ho	Interests in issued Shares	250,936,160	39,021,590	(iv) 14.33%
	Interests in unissued Shares	—	148,883,374	(v) 7.36%
	Interests in underlying Shares	1,587,300	—	(ii) 0.08%
Sir Roger Lobo	—	—	—	—
Mr. Norman Ho	—	—	—	—
Mr. Charles Ho	—	—	—	—
Dato' Dr. Cheng Yu Tung	—	—	—	—
Mrs. Louise Mok	Interests in issued Shares	342,627	—	0.02%
Mr. Michael Ng	Interests in underlying Shares	5,380,228	—	(iii) 0.27%

Name of Director	Nature of interests	Number of Shares held		Approximate percentage of total issued Shares Note (i)
		Personal interests	Corporate interests	
Ms. Pansy Ho	Interests in issued Shares	47,087,604	191,931,661	(vi) 11.81%
	Interests in unissued Shares	—	148,883,374	(v) 7.36%
	Interests in underlying Shares	10,157,740	—	(ii) 0.50%
Ms. Daisy Ho	Interests in issued Shares	45,647,811	97,820,707	(vii) 7.09%
	Interests in unissued Shares	—	148,883,374	(v) 7.36%
	Interests in underlying Shares	12,157,740	—	(ii) 0.60%
Ms. Maisey Ho	Interests in issued Shares	11,680,435	23,066,918	(viii) 1.72%
	Interests in underlying Shares	20,157,740	—	(ii) 1.00%
Mr. David Shum	Interests in underlying Shares	5,000,000	—	(ii) 0.25%

*Notes:*

- (i) As at the Latest Practicable Date, the total number of issued Shares was 2,023,710,803.
- (ii) These represented the interests in underlying Shares in respect of share options granted by the Company, details of which are disclosed in sub-paragraph (2) headed “Share Options” below.
- (iii) These interests in underlying Shares comprised (a) 5,000,000 underlying Shares in respect of share options granted by the Company, details of which are disclosed in sub-paragraph (2) headed “Share Options” below; and (b) 380,228 Shares issuable to Mr. Michael Ng upon conversion of the Convertible Bonds (as defined hereunder in sub-paragraph (1)(d) headed “Interests of the Directors in Debentures of Subsidiaries of the Company”) for an aggregate nominal amount of HK\$3,000,000 held by him and based on the adjusted conversion price of HK\$7.89 per Share as at the Latest Practicable Date, details of which are disclosed in sub-paragraph (1)(d) headed “Interests of the Directors in Debentures of Subsidiaries of the Company” below.
- (iv) These 39,021,590 Shares, of which Dr. Stanley Ho was deemed to be interested by virtue of the SFO, comprised 11,446,536 Shares held by Sharikat Investments Limited (“SIL”), 24,838,987 Shares held by Dareset Limited (“DL”) and 2,736,067 Shares held by Lanceford Company Limited (“LCL”). SIL, DL and LCL are all wholly owned by Dr. Stanley Ho.
- (v) These 148,883,374 unissued Shares, of which Dr. Stanley Ho, Ms. Pansy Ho and Ms. Daisy Ho were deemed to be interested by virtue of the SFO, were the same parcel of Shares, and represented Shares to be allotted to Alpha Davis Investments Limited (“ADIL”) upon completion of the acquisition as described in the Company’s circular dated 17 December 2004. ADIL is owned as to 47% by Innowell Investments Limited (“IIL”) and 53% by Megaprosper Investments Limited (“MIL”). IIL is wholly owned by Dr. Stanley Ho. MIL is owned as to 51% by Ms. Pansy Ho and 39% by Ms. Daisy Ho.

(vi) These 191,931,661 Shares, of which Ms. Pansy Ho was deemed to be interested by virtue of the SFO, comprised 97,820,707 Shares held by Beeston Profits Limited (“BPL”) and 94,110,954 Shares held by Classic Time Developments Limited (“CTDL”). Both BPL and CTDL are wholly owned by Ms. Pansy Ho.

(vii) These 97,820,707 Shares, of which Ms. Daisy Ho was deemed to be interested by virtue of the SFO, were held by St. Lukes Investments Limited, which is wholly owned by Ms. Daisy Ho.

(viii) These 23,066,918 Shares, of which Ms. Maisy Ho was deemed to be interested by virtue of the SFO, were held by LionKing Offshore Limited, which is wholly owned by Ms. Maisy Ho.

(b) *Interests of the Directors in Shares and Underlying Shares of Subsidiaries of the Company*

<b>Name of Director</b>	<b>Name of subsidiary</b>	<b>Corporate interests</b>	<b>Approximate percentage of total issued shares</b> Note (i)
Dr. Stanley Ho	Shun Tak Cultural Centre Limited	4 ordinary shares	40%

*Note:*

(i) As at the Latest Practicable Date, there was a total of 10 ordinary shares of Shun Tak Cultural Centre Limited in issue.

(c) *Interests of the Directors in Shares and Underlying Shares of Other Associated Corporations of the Company*

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Corporate interests</b>	<b>Approximate percentage of total issued shares</b> Note (i)
Ms. Pansy Ho	Shun Tak & CITS Coach (Macao) Limited	750 shares	15%

*Note:*

(i) As at the Latest Practicable Date, there was a total of 5,000 shares of Shun Tak & CITS Coach (Macao) Limited in issue.

(d) *Interests of the Directors in Debentures of Subsidiaries of the Company*

Name of Director	Name of subsidiary	Personal interests	Approximate percentage of aggregate nominal amount of the
			Convertible Bonds in issue Note (i)
Mr. Michael Ng	Joyous King Group Limited	HK\$3,000,000 Note (ii)	0.19%

*Notes:*

- (i) As at the Latest Practicable Date, 3.3% guaranteed convertible bonds due 2014 for an aggregate nominal amount of HK\$1,550,000,000 were issued by Joyous King Group Limited, a wholly-owned subsidiary of the Company (the "Convertible Bonds").
- (ii) As at the Latest Practicable Date, these Convertible Bonds for an aggregate nominal amount of HK\$3,000,000 held by Mr. Michael Ng were convertible into 380,228 Shares, representing approximately 0.02% of the issued share capital of the Company, at the adjusted conversion price of HK\$7.89 per Share during the period from 22 October 2010 to 15 October 2014 subject to the terms and conditions of the Convertible Bonds. These interests duplicate Mr. Michael Ng's interests in underlying Shares disclosed in sub-paragraph (1)(a) above.

All the interests disclosed in sub-paragraphs (1)(a) to (1)(d) above represented long position interests in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

As at the Latest Practicable Date, save as disclosed in sub-paragraphs (1)(a) to (1)(d) above, none of the Directors or chief executive of the Company or any of their associates had or were deemed to have any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## (2) Share Options

As at the Latest Practicable Date, details of outstanding share options held by the Directors under the share option scheme of the Company adopted on 31 May 2002 were as follows:

Name of Director	Note	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of share options outstanding as at the Latest Practicable Date
Dr. Stanley Ho	(i)	25 May 2004	25 May 2004 to 24 May 2014	3.15	1,587,300
Ms. Pansy Ho	(i)	25 May 2004	25 May 2004 to 24 May 2014	3.15	10,157,740
Ms. Daisy Ho	(i)	25 May 2004	25 May 2004 to 24 May 2014	3.15	12,157,740
Ms. Maisy Ho	(i)	25 May 2004	25 May 2004 to 24 May 2014	3.15	20,157,740
Mr. David Shum	(i)	22 September 2004	22 September 2004 to 21 September 2014	4.20	5,000,000
Mr. Michael Ng	(ii)	1 February 2010	1 February 2010 to 31 January 2015	4.68	5,000,000

*Notes:*

- (i) These outstanding share options are exercisable during a period of 10 years commencing from the respective dates of grant. These share options were all vested on their respective dates of grant.
- (ii) These share options are subject to vesting with 2,500,000 share options already vested on 1 April 2010 and the remaining 2,500,000 share options to be vested on 1 April 2011, provided that if Mr. Michael Ng's appointment with the Company is terminated (other than termination with cause) before 1 April 2011, the remaining share options to be vested on 1 April 2011 will be calculated pro rata to his number of completed months in services in the year ending 31 March 2011.

**(3) Substantial Shareholders and Other Persons**

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Note	Nature of interests	Capacity	Long position/ short position	Number of Shares/ underlying Shares held	Total	Approximate percentage of total issued Shares Note (i)
Shun Tak Shipping Company, Limited ("STS") and its subsidiaries	(ii)	Interests in issued Shares	Beneficial owner	Long position	308,057,215	308,057,215	15.22%
Alpha Davis Investments Limited ("ADIL")	(iii)	Interests in unissued Shares	Beneficial owner	Long position	148,883,374	148,883,374	7.36%
Innowell Investments Limited ("IIL")	(iii)	Interests in unissued Shares	Interests of controlled corporation	Long position	148,883,374	148,883,374	7.36%
Megaproper Investments Limited ("MIL")	(iii)	Interests in unissued Shares	Interests of controlled corporation	Long position	148,883,374	148,883,374	7.36%
Hanika Realty Company Limited ("Hanika")	(iv)	Interests in unissued Shares	Beneficial owner	Long position	148,566,084	148,566,084	7.34%
Ranillo Investments Limited ("Ranillo")	(iv)	Interests in unissued Shares	Interests of controlled corporation	Long position	148,566,084	148,566,084	7.34%

*Notes:*

- (i) As at the Latest Practicable Date, the total number of issued Shares was 2,023,710,803.
- (ii) Dr. Stanley Ho, Dato' Dr. Cheng Yu Tung, Ms. Pansy Ho and Ms. Daisy Ho have beneficial interests in and are directors of STS. Mrs. Louise Mok and Mr. David Shum have beneficial interests in STS.
- (iii) ADIL is entitled to the interests in 148,883,374 unissued Shares which will be issued upon completion of the acquisition as described in the Company's circular dated 17 December 2004. ADIL is owned as to 47% by IIL and 53% by MIL. IIL is wholly owned by Dr. Stanley Ho. MIL is owned as to 51% by Ms. Pansy Ho, 39% by Ms. Daisy Ho and 10% by Ms. Maisy Ho. Accordingly, the interests of IIL and MIL in the Company duplicate the interests of ADIL in the Company as described above. Dr. Stanley Ho is a director of ADIL and IIL. Ms. Pansy Ho and Ms. Daisy Ho are directors of ADIL, IIL and MIL.

- (iv) Subject to the approval of the Acquisition (including the allotment and issuance of the Consideration Shares) by the Independent Shareholders at the EGM, 148,566,084 Shares will be allotted and issued to Hanika and/or its nominees upon completion of the Acquisition, details of which are disclosed in the letter from the Board as set out on pages 4 to 14 of this circular. Dr. Stanley Ho and Ranillo have 14.2% and 71.5% voting rights of Hanika respectively. Ranillo is owned as to 20% by each of Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho. Accordingly, the interests of Ranillo in the Company duplicate the interests of Hanika in the Company as described above. Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho are directors of Hanika. Ms. Pansy Ho and Ms. Daisy Ho are directors of Ranillo.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, no other persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, the Directors named in the paragraphs below were considered to have interests in the following businesses, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

Dr. Stanley Ho has beneficial interests in Melco International Development Limited, Shun Tak Centre Limited ("STC") and Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), which are also engaged in the businesses of property investment, property development and/or hospitality; and SJM Holdings Limited ("SJM"), which, aside from its principal business of gaming, is also engaged in the business of hospitality. SJM, whose controlling shareholder is a subsidiary of STDM, is listed on the Main Board of the Stock Exchange. Dr. Stanley Ho is also a director of STC, STDM and SJM. Ms. Pansy Ho is an appointed representative of the Company, which is a corporate director of STDM. Ms. Daisy Ho is an appointed representative of another corporate director of STDM. Mr. David Shum is an appointed representative of Interdragon Limited (a non wholly-owned subsidiary of the Company), which is also a corporate director of STDM. Mr. David Shum is also a director of SJM.

Dato' Dr. Cheng Yu Tung is a director of New World Development Company Limited, Chow Tai Fook Enterprises Limited, Melbourne Enterprises Limited and Lifestyle International Holdings Limited, which are also engaged in the businesses of property investment, property development, property management, transportation services and/or hospitality, as well as SJM.

Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum are directors of STC, which is also engaged in the business of property investment.

Ms. Pansy Ho is a director of, and has beneficial interest in, MGM Grand Paradise (HK) Limited ("MGMHK"), which is also engaged in the business of hospitality. Ms. Daisy Ho is a director of MGMHK.

Ms. Pansy Ho is a director of Air Macau Company Limited, which is also engaged in transportation services in Macau.



The above-mentioned competing businesses are managed by separate entities with independent management and administration. The Directors are of the view that the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of these entities. When making decisions, the relevant Directors, in performance of their duties as Directors of the Company, have acted and will continue to act in the best interests of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any company or business which competes or may compete with the business of the Group.

#### **4. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

#### **5. DIRECTORS' INTERESTS IN ASSETS AND OTHER INTERESTS**

- (a) Pursuant to a master leasing agreement (the "STDM Master Leasing Agreement") dated 4 February 2010 entered into between the Company and STDM, a company in which Dr. Stanley Ho, Dato' Dr. Cheng Yu Tung, Mrs. Louise Mok, Ms. Pansy Ho and Mr. David Shum have beneficial interests, the Group has agreed to continue to lease certain premises and may further lease additional premises from the STDM group. An announcement was made by the Company on 4 February 2010 in this respect. Since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up, a new tenancy agreement was entered into by the Group as tenant and the STDM group as landlord under the STDM Master Leasing Agreement.
- (b) Pursuant to a master leasing agreement (the "STC Master Leasing Agreement") dated 4 February 2010 entered into between the Company and STC, a company in which Dr. Stanley Ho, Dr. Dato' Cheng Yu Tung and STDM have beneficial interests, the Group has agreed to continue to lease certain premises and may further lease additional premises from STC. An announcement was made by the Company on 4 February 2010 in this respect. Since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up, two new tenancy agreements were entered into between the Group as tenant and STC as landlord under the STC Master Leasing Agreement.

Save as disclosed above and herein, as at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up.

**6. DIRECTORS' INTERESTS IN CONTRACTS AND ARRANGEMENTS**

- (a) Pursuant to a fuel arrangement agreement (as amended by an amendment agreement) entered into between Shun Tak-China Travel Shipping Investments Limited ("ST-CTSI"), a non wholly-owned subsidiary of the Company, and STDM, an associate of Dr. Stanley Ho, a Director and a substantial Shareholder, STDM supplies and loads fuel into ST-CTSI's vessels at the Macau Outer Harbour Terminal. ST-CTSI purchased approximately HK\$241.7 million of fuel from the STDM group for the year ended 31 December 2009 for its Macau shipping operations. The price of fuel was determined with reference to its market price plus a small handling charge.
- (b) Pursuant to an agreement (as amended by an amendment agreement) entered into between ST-CTSI and STDM, STDM acts as the agent of ST-CTSI for sale of ferry tickets for which it received HK\$17.2 million in commission for the year ended 31 December 2009. The commission was calculated at 5% of the total net ticket sales generated by STDM as agent (less any discounts and concessions on ferry tickets agreed by ST-CTSI and any tax, fees and levies paid thereon to any government or ferry terminal operator). Under the said agreement, STDM purchases ferry tickets from ST-CTSI with a discount up to a maximum of 12% (depending on the volume of the bulk purchases) for its own use. For the year ended 31 December 2009, STDM purchased approximately HK\$191.2 million (net of discount) of ferry tickets from ST-CTSI.
- (c) Pursuant to a master service agreement entered into between the Company and MGM Grand Paradise Limited ("MGM"), a company owned as to 50% by Ms. Pansy Ho, a Director and a substantial Shareholder, the Group may provide / demand services to / from the MGM group from time to time on a non-exclusive basis, including but not limited to sale of ferry tickets to the MGM group, provision of laundry service to the MGM group and rental of guestrooms at the MGM Grand Macau Hotel to the Group. During the year ended 31 December 2009, aggregate revenue received by the Group from the MGM group and the aggregate expenses paid by the Group to the MGM group for agreements made under such master service agreement amounted to approximately HK\$49.2 million and HK\$3.0 million respectively.
- (d) Pursuant to a master property services agreement entered into between the Company and STDM on 4 February 2010, the Group provides property related services to the STDM group, including sale, leasing, project management, property management, property cleaning and other property related services for the properties as designated by the STDM group and agreed by the Group from time to time.

Save as disclosed herein, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

**7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up.

**8. EXPERTS AND CONSENTS**

- (a) The following are the qualifications of the experts who have given opinions, letters or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Platinum Securities	a licensed corporation under the SFO licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Savills Valuation and Professional Services Limited	property valuer

- (b) As at the Latest Practicable Date, neither Platinum Securities nor Savills Valuation and Professional Services Limited had any shareholding interest in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.
- (c) As at the Latest Practicable Date, neither Platinum Securities nor Savills Valuation and Professional Services Limited had a direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up.
- (d) Each of Platinum Securities and Savills Valuation and Professional Services Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters, reports and/or valuation certificates (as the case may be) and references to its name in the form and context in which it is included.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the Company's registered office at Penthouse 39th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:30 p.m., Mondays to Fridays (except public holidays), from the date of this circular up to and including the date of the EGM (or any adjournment thereof):

- (a) the SPA;
- (b) the STDM Master Leasing Agreement;
- (c) the STC Master Leasing Agreement;
- (d) a fuel arrangement agreement dated 23 December 2004 and a renewal letter dated 12 November 2007 entered into between ST-CTSI and STDM;
- (e) a sales agency agreement dated 3 June 1999 and amendment agreements dated 29 April 2002, 14 December 2004 and 12 November 2007 respectively entered into between ST-CTSI and STDM;
- (f) a master service agreement dated 4 March 2008 entered into between the Company and MGM; and
- (g) a master property services agreement dated 4 February 2010 entered into between the Company and STDM.

**10. GENERAL**

- (a) The secretary of the Company is Ms. Tsang Mei Chu, Angela. She is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (b) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English language text of this circular shall prevail.

---

## NOTICE OF EGM

---



### 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>

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Shun Tak Holdings Limited (the “Company”) will be held at the Boardroom, Penthouse 39th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Tuesday, 27 July 2010 at 11:00 a.m. for considering and, if thought fit, passing with or without amendments the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

**“THAT:**

the acquisition of the Site (as defined in the circular of the Company dated 12 July 2010 and despatched to the shareholders of the Company of which this notice forms part (the “Circular”)) (the “Acquisition”) on the terms and subject to the conditions of the conditional sale and purchase agreement dated 18 June 2010 (the “SPA”) between Grace Wealth Development Limited (an indirect wholly-owned subsidiary of the Company) as purchaser (the “Purchaser”), Hanika Realty Company Limited as vendor (the “Vendor”), and the Company as guarantor to the Purchaser (the “Guarantor”) (a copy of which was signed by the chairman of the EGM and marked “A” for purpose of identification and is produced to the EGM), pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Site subject to and in accordance with the terms and conditions set out in the SPA and the Company agreed to guarantee the obligations and liabilities of the Purchaser under the SPA and to allot and issue 148,566,084 new shares of HK\$0.25 each in the capital of the Company (the “Consideration Shares”), at an issue price of HK\$4.01 per share, as part of the consideration for the Acquisition as described in the Circular be and is hereby approved and that the directors of the Company (the “Directors”) (other than the Abstained Directors (as defined in the Circular)) or a committee duly established by the board of Directors for the Acquisition be and are hereby authorized to take all such steps to implement and give effect to the Acquisition and/or the SPA and the transactions thereunder, including the execution of all documents or deeds as they may consider necessary or appropriate in relation thereto and to make any changes, modifications, amendments, waivers, variations or extensions of such terms and conditions as they think fit and the Directors (other than the

---

## NOTICE OF EGM

---

Abstained Directors (as defined in the Circular)) or a committee duly established by the board of Directors for the Acquisition be and are hereby authorized to exercise all the powers of the Company to allot and issue the Consideration Shares in satisfaction of the Company's obligations to issue shares as contemplated under the SPA."

By order of the Board  
**Shun Tak Holdings Limited**  
**Angela Tsang**  
*Company Secretary*

Hong Kong, 12 July 2010

*Registered Office:*

Penthouse 39th Floor, West Tower  
Shun Tak Centre  
200 Connaught Road Central  
Hong Kong

*Notes:*

- (i) A member of the Company entitled to attend and vote at the EGM is entitled to appoint one proxy or two proxies to attend and, on a poll, vote in his/her stead provided that a member holding only one share shall not be entitled to appoint more than one proxy. A proxy need not be a member of the Company.
- (ii) In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or other authority, must be deposited at the Company's registered office not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending and voting in person at the EGM or any adjournment thereof should he/she so wish. In that event, his/her form of proxy will be deemed to have been revoked.
- (iii) In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (iv) The register of members of the Company will be closed from Monday, 26 July 2010 to Tuesday, 27 July 2010, both days inclusive, during which period no transfer of shares will be registered in order to ascertain shareholders' entitlement to attend the EGM. In order to qualify for attending the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 23 July 2010.

---

## NOTICE OF EGM

---

- (v) In compliance with Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the chairman of the EGM will exercise the power pursuant to Article 56(a) of the Articles of Association of the Company to demand poll on the abovementioned ordinary resolution to be proposed at the EGM.
- (vi) In the case of any conflict between the English text and the Chinese translation of this notice, the English text shall prevail.

*As at the date of this notice, the executive directors of the Company 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.*