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SHUN TAK HOLDINGS LIMITED

信德集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 242)

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

**CONTINUING CONNECTED TRANSACTIONS WITH STDM
IN RELATION TO
EXTENSION OF FERRY TICKET TRANSACTIONS
AND
FUEL ARRANGEMENT**

**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 5 to 12 of this circular. A letter from the Independent Board Committee is set out on pages 13 and 14 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 15 to 24 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 Thursday, 9 December 2010 at 11:00 a.m. is set out on pages 36 to 38 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.

18 November 2010

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DEFINITIONS

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

“Abstained Directors”	(1) Dr. Stanley Ho and Dato’ Dr. Cheng Yu Tung, who have not given any opinion and have abstained from voting on the board resolutions in respect of the SAA Extension and the FAA Extension in view of their respective interests in STDM; and (2) Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho (being Directors and daughters of Dr. Stanley Ho) and Mrs. Louise Mok (being a Director and a sister of Dr. Stanley Ho) who have also not given any opinion and have abstained from voting on the board resolutions in respect of the SAA Extension and the FAA Extension in view of their relationship with Dr. Stanley Ho
“Associate(s)”	as defined 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)
“Director(s)”	the director(s), including independent non-executive director(s), of the Company
“Discount”	the discount granted by STCTS to STDM on the STDM Ticket Purchases pursuant to the STDM Agency Agreement
“EGM”	an extraordinary general meeting to be convened by the Company for the purposes of considering and (if thought fit) approving the SAA Extension and the FAA Extension (including the respective proposed annual caps)
“FAA Extension”	proposed extension of the Fuel Arrangement pursuant to the terms and conditions of the FAA Extension Agreement
“FAA Extension Agreement”	the amendment agreement entered into between STCTS and STDM on 28 October 2010 to renew the Fuel Arrangement Agreement
“Ferry Tickets”	tickets for the STCTS Ferry Services
“Ferry Ticket Transactions”	the (1) sale of Ferry Tickets by STDM as agent for and on behalf of STCTS in consideration for the STDM Commissions; and (2) STDM Ticket Purchases at the Discount pursuant to the STDM Agency Agreement

DEFINITIONS

“Fuel”	marine industrial diesel oil
“Fuel Arrangement”	the supply and loading of Fuel onto STCTS Vessels at the Terminal by STDM pursuant to the Fuel Arrangement Agreement
“Fuel Arrangement Agreement”	the fuel arrangement agreement entered into between STCTS and STDM in relation to the Fuel Arrangement dated 23 December 2004, as amended by a letter agreement dated 12 November 2007
“Fuel Arrangement Fee”	the fee payable by STCTS to STDM for the supply and loading of Fuel onto STCTS Vessels
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the 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 SAA Extension and the FAA Extension (including their respective proposed annual caps)
“Independent Shareholders”	<p>Shareholders who are not required to abstain from voting at the EGM or any adjourned meeting thereof for approving the SAA Extension and the FAA Extension (including their respective proposed annual caps)</p> <p>In respect of the voting at the EGM, Independent Shareholders exclude (1) Dr. Stanley Ho and his Associates which include Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Mrs. Louise Mok, Hanika Realty Company Limited and Shun Tak Shipping Company, Limited and those of its subsidiaries which are Shareholders; and (2) any other Shareholders (if any) with a material interest in the SAA Extension and/or the FAA Extension</p>
“Interdragon”	Interdragon Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of the Company, in which the Company indirectly owns 60% and STDM owns 40%
“Latest Practicable Date”	15 November 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the People’s Republic of China
“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 Ferry Ticket Transactions and Fuel Arrangement
“SAA Extension”	proposed extension of the Ferry Ticket Transactions pursuant to the terms and conditions of the SAA Extension Agreement
“SAA Extension Agreement”	the amendment agreement entered into between STCTS and STDM on 28 October 2010 to renew the STDM Agency Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	shares(s) of HK\$0.25 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“STCTS”	Shun Tak-China Travel Shipping Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of the Company, with 71% of its issued share capital directly owned by Interdragon
“STCTS Ferry Services”	the ferry services operated by the STCTS Group in the context of which the Ferry Tickets are sold
“STCTS Group”	STCTS and its subsidiaries
“STCTS Vessels”	the vessels managed and operated by the STCTS Group at the Terminal
“STDM”	Sociedade de Turismo e Diversões de Macau, S.A., a company incorporated in Macau and an Associate of Dr. Stanley Ho
“STDM Agency Agreement”	the agency agreement entered into between STCTS and STDM in relation to the Ferry Ticket Transactions dated 3 June 1999, as amended by letter agreements dated 29 April 2002, 14 December 2004 and 12 November 2007 respectively

DEFINITIONS

“STDM Commissions”	the commissions payable by STCTS to STDM pursuant to the STDM Agency Agreement for acting as STCTS’s exclusive agent for the sale of Ferry Tickets at the Terminal and as a non-exclusive agent for the sale of Ferry Tickets at directly-operated ticketing counters in the rest of Macau
“STDM Ticket Purchases”	the bulk purchase of Ferry Tickets by STDM from the STCTS Group for its own account
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terminal”	Macau Outer Harbour Terminal, Macau
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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*

18 November 2010

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS WITH STDM
IN RELATION TO
EXTENSION OF FERRY TICKET TRANSACTIONS
AND
FUEL ARRANGEMENT**

INTRODUCTION

It was announced in the Company's announcement dated 28 October 2010 that, STCTS entered into the SAA Extension Agreement and the FAA Extension Agreement with STDM to continue the Ferry Ticket Transactions and the Fuel Arrangement respectively for a further period of three years from 1 January 2011 until 31 December 2013.

LETTER FROM THE BOARD

The Ferry Ticket Transactions and the Fuel Arrangement constitute continuing connected transactions of the Company under the Listing Rules and are subject to Independent Shareholders' approval.

The purpose of this circular is to provide you with, among other things, (i) details of the SAA Extension and the FAA Extension (including their respective proposed annual caps); (ii) the recommendations from the Independent Board Committee and the advice from Platinum Securities to the Independent Board Committee and the Independent Shareholders on the SAA Extension and the FAA Extension (including their respective proposed annual caps); and (iii) notice of the EGM at which resolutions shall be proposed to consider and approve the SAA Extension and the FAA Extension (including their respective proposed annual caps).

THE FERRY TICKET TRANSACTIONS

Reference is made to the announcement of the Company dated 14 November 2007 and the circular of the Company dated 27 November 2007 in relation to, among other things, the STDM Agency Agreement which will expire on 31 December 2010. On 28 October 2010, STCTS entered into the SAA Extension Agreement with STDM to continue the Ferry Ticket Transactions for a further period of three years.

The SAA Extension Agreement

The SAA Extension Agreement will take effect from 1 January 2011 for three years until 31 December 2013, unless early terminated by either party giving to the other not less than 3 months prior written notice. The parties may thereafter enter into a new agreement or renew the SAA Extension Agreement for further period of three years or such other period as may be mutually agreed.

Nature of Ferry Ticket Transactions and Considerations

(i) *Sale of Ferry Tickets by STDM as agent of STCTS for the STDM Commissions*

STDM has been appointed since 3 June 1999 as STCTS's exclusive agent for the sale of Ferry Tickets at the Terminal and non-exclusive agent for the sale of Ferry Tickets at directly-operated ticketing counters in the rest of Macau.

Pursuant to the SAA Extension Agreement, in consideration for sales agency services provided by STDM, STCTS will continue to pay to STDM the STDM Commissions, calculated at 5% on the total net ticket sales generated by STDM as agent (less any discounts and concessions agreed by STCTS and any fees, levies and taxes paid thereon to any government or ferry terminal operator). The STDM Commissions have been agreed following arms' length negotiations on normal commercial terms and in accordance with market practice.

LETTER FROM THE BOARD

(ii) *STDM Ticket Purchases at the Discount*

STDM has been the largest customer for Ferry Tickets of the Group in recent years as a bulk purchaser of Ferry Tickets for its own account. Pursuant to the SAA Extension Agreement, STCTS will continue to grant to STDM the Discount of up to a maximum of 12% (or lower if mutually agreed) of the price of such Ferry Tickets. The STDM Ticket Purchases are on normal commercial terms and at the prevailing market rate. The Discount is given in the normal course of business of the Company and in accordance with market practice of granting discounts on bulk purchases of Ferry Tickets to promote the STCTS Ferry Services.

Historical Figures

Set out below are the historical amounts in respect of the Ferry Ticket Transactions for the two financial years ended 31 December 2008 and 2009 and the nine months ended 30 September 2010 respectively:

Financial year/period ended	STDM Commissions	STDM Ticket Purchases (before Discount)	Discount to STDM
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
31 December 2008	20.5	298.9	14.5
31 December 2009	17.2	200.5	9.3
Nine months ended 30 September 2010	12.3	110.0	5.5

Proposed Annual Caps

Set out below are the proposed new annual caps on the Ferry Ticket Transactions under the SAA Extension Agreement for the financial years ending 31 December 2011, 2012 and 2013 respectively:

Financial year ending	STDM Commissions	STDM Ticket Purchases (before Discount)	Discount to STDM
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
31 December 2011	20.6	290.7	14.5
31 December 2012	21.2	299.4	15.0
31 December 2013	21.8	308.4	15.4

The new annual caps proposed above are determined with reference to (i) the historical amounts of the STDM Commissions, STDM Ticket Purchases and Discount for the two financial years ended 31 December 2008 and 2009 and the first nine months of 2010; and (ii) the estimated value of Ferry

LETTER FROM THE BOARD

Tickets to be sold by STDM as agent of STCTS, STDM Ticket Purchases and Discount granted thereon during each of the three years ending 31 December 2013, after taking into account the growth and development of the general economy and the passenger ferry market in the Pearl River Delta.

Reasons for the SAA Extension

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. STCTS, the Group's shipping arm, is a major operator of passenger ferry services connecting Hong Kong, Macau and other ports in the Pearl River Delta.

STDM is a company incorporated in Macau and has diverse business interests predominantly based in Macau including but not limited to entertainment, leisure, sports, tourism and realty. STDM has been one of the largest sales agents of the STCTS Group for the Ferry Tickets in recent years. Leveraging on STDM's well-established sales network and its being the exclusive operator of the Terminal, the extension of the appointment of STDM as the STCTS Group's sales agent for the Ferry Tickets will continue to help broaden the customer base for the STCTS Ferry Services and enhance the operational efficiency of STCTS in dispensing with the need for separate ticket outlets at the Terminal.

Apart from being one of the largest sales agents of the STCTS Group for the Ferry Tickets, STDM has been its largest customer for the Ferry Tickets in recent years. The ongoing sale of Ferry Tickets to STDM in bulk quantity at the Discount under the SAA Extension will continue to provide a stable and important source of income to STCTS.

THE FUEL ARRANGEMENT

Reference is made to the announcement of the Company dated 14 November 2007 and the circular of the Company dated 27 November 2007 in relation to, among other things, the Fuel Arrangement Agreement which will expire on 31 December 2010. On 28 October 2010, STCTS entered into the FAA Extension Agreement with STDM to continue STDM's appointment to supply and load Fuel onto STCTS Vessels for a further period of three years.

The FAA Extension Agreement

The FAA Extension Agreement will take effect from 1 January 2011 for three years until 31 December 2013, unless early terminated by either party giving to the other not less than 3 months prior written notice. The parties may thereafter enter into a new agreement or renew the FAA Extension Agreement for further period of three years or such other period as may be mutually agreed.

LETTER FROM THE BOARD

Scope of Services

Pursuant to the FAA Extension Agreement, STDM will continue to supply and load Fuel onto STCTS Vessels and to maintain, manage and operate the Fuel storage tanks and other necessary equipment for the supply of Fuel such as filtration equipment, delivery hose and fuel pipes located at the Terminal. In order to ensure that the Fuel supply procedures are in compliance with STCTS requirements, the STCTS Group will continue to provide technical assistance to STDM at the Terminal.

Consideration

Under the FAA Extension Agreement, STCTS will continue to pay to STDM the Fuel Arrangement Fee which will be calculated based on the cost charged by the Macau petroleum supplier, plus a specified handling charge per liter of Fuel, and less the fee charged by the STCTS Group on STDM for the related technical assistance.

Historical Figures

The historical amounts of Fuel Arrangement Fee paid by STCTS to STDM for the two financial years ended 31 December 2008 and 2009 and the nine months ended 30 September 2010 amounted to HK\$417.0 million, HK\$241.7 million and HK\$204.4 million respectively.

Proposed Annual caps

Set out below are the proposed new annual caps on the Fuel Arrangement Fee under the FAA Extension Agreement for the financial years ending 31 December 2011, 2012 and 2013 respectively:

Financial year ending	Fuel Arrangement Fee <i>HK\$' million</i>
31 December 2011	433.4
31 December 2012	480.6
31 December 2013	542.0

The new annual caps proposed above are determined with reference to (i) the historical amounts of Fuel Arrangement Fee paid by STCTS for the two financial years ended 31 December 2008 and 2009 and the first nine months of 2010; (ii) the anticipated market trend of Fuel prices; and (iii) the projected usage of Fuel by STCTS Vessels during each of the three years ending 31 December 2013, after taking into account the growth and development of the general economy and the passenger ferry market in the Pearl River Delta.

LETTER FROM THE BOARD

Reasons for the FAA Extension

STDM is the exclusive operator of the Terminal under an arrangement with the Macau government. STDM has been supplying Fuel to STCTS for over 13 years. The continuing appointment of STDM to supply Fuel to STCTS Vessels under the FAA Extension contributes to the operational efficiency of the STCTS Group by saving costs in operating its own Fuel supply system at the Terminal and reducing STCTS Vessels' on-board fuel load and thus their fuel consumption.

LISTING RULES IMPLICATIONS OF THE SAA EXTENSION AND THE FAA EXTENSION

Dr. Stanley Ho is a Director and a substantial Shareholder. STDM, being an Associate of Dr. Stanley Ho and a substantial shareholder of Interdragon, is therefore a connected person of the Company under the Listing Rules. Pursuant to the SAA Extension Agreement and the FAA Extension Agreement, the Ferry Ticket Transactions and the Fuel Arrangement will continue to be conducted on an ongoing basis for a further period of three years from 1 January 2011 to 31 December 2013 and will constitute continuing connected transactions of the Company under the Listing Rules.

As certain applicable percentage ratios as defined in Rule 14.07 of the Listing Rules (other than the profits ratio) calculated with reference to the new proposed annual caps for the three years ending 31 December 2013 for each of annual aggregate value of the Ferry Ticket Transactions and the Fuel Arrangement to be conducted under the SAA Extension Agreement and the FAA Extension Agreement exceed 5%, the SAA Extension and the FAA Extension (including their respective proposed annual caps) are therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules. Appropriate disclosure of the relevant transactions will be made in the annual reports and accounts of the Company in accordance with the Listing Rules and such transactions will also be subject to the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules.

Dr. Stanley Ho and Dato' Dr. Cheng Yu Tung have abstained from voting on the board resolutions in respect of the SAA Extension and the FAA Extension (including their respective proposed annual caps) in view of their respective interests in STDM. Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mrs. Louise Mok, in view of their relationship with Dr. Stanley Ho, have also abstained from voting on the board resolutions in respect of the SAA Extension and the FAA Extension (including their respective proposed annual caps).

Pursuant to Rule 14A.54 of the Listing Rules, any connected person and any Shareholder and their Associates with a material interest in the SAA Extension and/or the FAA Extension are required to abstain from voting on the ordinary resolutions to be proposed at the EGM for approving the same. In this respect, Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Mrs. Louise Mok, Hanika Realty Company Limited (being an Associate of Dr. Stanley Ho) and Shun Tak Shipping Company, Limited (being an Associate of Dr. Stanley Ho) and those of its subsidiaries which are Shareholders, who in aggregate held approximately 53.59% of the issued share capital of the Company as at the Latest Practicable Date, are required to abstain from voting on the ordinary resolutions to be proposed at the EGM or any adjourned meeting thereof for approving the SAA Extension and the FAA Extension (including their respective proposed annual caps).

LETTER FROM THE BOARD

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 SAA Extension and the FAA Extension (including their respective proposed annual caps).

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 SAA Extension and the FAA Extension (including their respective proposed annual caps). Its appointment has been approved by the Independent Board Committee.

RECOMMENDATION

Having considered the reasons set out herein, the Directors (excluding the Abstained Directors) are of the view that the SAA Extension and the FAA Extension (including their respective proposed annual caps) are in the ordinary and usual course of business of the Company, on normal commercial terms, on terms that are fair and reasonable and are 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 resolutions to be proposed at the EGM for approving the SAA Extension and the FAA Extension (including their respective proposed annual caps).

Your attention is drawn to the letter from the Independent Board Committee containing its recommendation to Independent Shareholders set out on pages 13 and 14 of this circular, the letter from Platinum Securities set out on pages 15 to 24 of this circular before considering whether to vote in favour or against the ordinary resolutions to be proposed at the EGM for approving the SAA Extension and the FAA Extension (including their respective proposed annual caps) as set out in notice of the EGM contained in this circular.

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 Thursday, 9 December 2010 at 11:00 a.m. is set out on pages 36 to 38 of this circular.

Ordinary resolutions will be proposed at the EGM to approve the SAA Extension and the FAA Extension (including their respective proposed annual caps).

In accordance with the Listing Rules, the ordinary resolutions to be proposed at the EGM to approve the SAA Extension and the FAA Extension (including their respective proposed annual caps) will be taken by poll.

LETTER FROM THE BOARD

A form of proxy for use at the EGM or any adjourned meeting 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 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 if you so wish.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in the appendix to this circular and the notice of the EGM as set out at the end of this circular.

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>

18 November 2010

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS WITH STDM
IN RELATION TO
EXTENSION OF FERRY TICKET TRANSACTIONS
AND
FUEL ARRANGEMENT**

We refer to the circular dated 18 November 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 of the SAA Extension and the FAA Extension (including their respective proposed annual caps) 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 SAA Extension and the FAA Extension (including their respective proposed annual caps).

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 12 of the Circular which contains details of the SAA Extension and the FAA Extension (including their respective proposed annual caps) and the letter from Platinum Securities as set out on pages 15 to 24 of the Circular which contains its advice and recommendation in respect of the SAA Extension and the FAA Extension (including their respective proposed annual caps) to the Independent Board Committee and the Independent Shareholders.

Having taken into account the advice and recommendation of Platinum Securities, we consider that the SAA Extension and the FAA Extension (including their respective proposed annual caps) are in the ordinary and usual course of business of the Company, on normal commercial terms, on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We therefore recommend the Independent Shareholders to vote in favour of the respective ordinary resolutions to be proposed at the EGM to approve the SAA Extension and the FAA Extension (including their respective proposed annual caps).

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 and the Independent Shareholders for the purpose of incorporation into this circular.



PLATINUM Securities Company Limited

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4 Des Voeux Road Central

Hong Kong

Telephone (852) 2841 7000

Facsimile (852) 2522 2700

Website www.platinum-asia.com

18 November 2010

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS WITH STDM IN RELATION TO EXTENSION OF FERRY TICKET TRANSACTIONS AND FUEL ARRANGEMENT

INTRODUCTION

We refer to the announcement of the Company dated 28 October 2010. On 18 November 2010, the Company despatched a circular (the “Circular”) in relation to the continuing connected transactions with STDM (the “Transactions”) to the Shareholders, of which this letter forms part. Details of the Transactions are contained in the letter from the Board in the Circular which you should read 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 Transactions (including their respective proposed annual caps) are on normal commercial terms, in the ordinary and usual course of business of the Company, on terms that are fair and reasonable, 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 Transactions. 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 or any other party to the Transactions 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.

LETTER FROM PLATINUM SECURITIES

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 Transactions. 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 Transactions or any of their respective associates, connected persons or parties acting in concert with any of them.

In formulating our opinion, we have relied on the information and facts supplied to us by the Company. We have reviewed, among other things: the annual report of the Group for the financial year ended 31 December 2009; and the interim report of the Group for the six months ended 30 June 2010.

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 Transactions.

The Independent Board Committee, comprising 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 Transactions.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in relation to the Transactions 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 Transactions

On 28 October 2010, STCTS entered into the SAA Extension Agreement and the FAA Extension Agreement with STDM to continue the Ferry Ticket Transactions and the Fuel Arrangement respectively for a further period of three years from 1 January 2011 until 31 December 2013.

2. Business of the Group

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. STCTS, the Group's shipping arm, is a major operator of passenger ferry services connecting Hong Kong, Macau and other ports in the Pearl River Delta Region.

LETTER FROM PLATINUM SECURITIES

3. Principal terms of the Transactions

A. *The SAA Extension Agreement*

Date

28 October 2010

Parties

STCTS and STDM

Term

The SAA Extension Agreement will take effect from 1 January 2011 for three years until 31 December 2013, unless being early terminated by either party giving to the other not less than 3 months prior written notice. The parties may thereafter enter into a new agreement or renew the SAA Extension Agreement for a further period of three years or such other period as may be mutually agreed.

Nature of the Ferry Ticket Transactions and the considerations

(1) Sale of Ferry Tickets by STDM as agent of STCTS for the STDM Commissions

STDM has been appointed since 3 June 1999 as STCTS's exclusive agent for the sale of Ferry Tickets at the Terminal and non-exclusive agent for the sale of Ferry Tickets at directly-operated ticketing counters in the rest of Macau.

Pursuant to the SAA Extension Agreement, in consideration for the sales agency services provided by STDM, STCTS will continue to pay to STDM the STDM Commissions, calculated at 5% on the total net ticket sales generated by STDM as agent (less any discounts and concessions agreed by STCTS and any fees, levies and taxes paid thereon to any government or ferry terminal operator).

Based on our discussion with the management of the Group, we understand that there is no other direct comparable which can be used as a reference for the STDM Commissions since STDM is the sole agent for the sale of Ferry Tickets at the Terminal. Alternatively, it is a normal practice for STCTS to grant commissions to other independent travel agents selling the Ferry Tickets as advised by the Group. In this context, we are of the view that the STDM Commissions and the commissions granted to other independent travel agents by STCTS are similar in nature. According to the information provided by the Group, we note that the Group has been offering similar commissions to these independent agents and the STDM Commissions are not more favourable than the rate of commission paid to these independent agents. As such, we are of the view that the STDM Commissions are on normal commercial terms and are fair and reasonable.

(2) STDM Ticket Purchases at the Discount

Pursuant to the SAA Extension Agreement, STCTS will continue to grant to STDM the Discount of up to a maximum of 12% (or lower if mutually agreed) (the "Maximum Discount") of the price of such Ferry Tickets.

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Based on our discussion with the management of the Group, we understand that the Group has existing bulk purchase arrangements, which is similar to the SAA Extension Agreement, with other independent bulk purchasers of Ferry Tickets for promoting the STCTS Ferry Services. We have reviewed the information provided by the Group and note that the Discount to STDM is not more favourable than the discounts granted to the independent bulk purchasers. As such, we are of the view that the Discount to STDM is on normal commercial terms and is fair and reasonable.

Reasons for the SAA Extension Agreement

As stated in the letter from the Board in the Circular, STDM has been one of the largest sales agents of the STCTS Group for the Ferry Tickets in recent years. Leveraging on STDM's well-established sales network and it being the exclusive operator of the Terminal, the extension of the appointment of STDM as the STCTS Group's sales agent for the Ferry Tickets will continue to help broaden the customer base for the STCTS Ferry Services and enhance the operational efficiency of STCTS in dispensing with the need for separate ticket outlets at the Terminal.

In addition, STDM has been the STCTS Group's largest customer for the Ferry Tickets in recent years. The ongoing sale of Ferry Tickets to STDM in bulk quantity at the Discount under the SAA Extension will continue to provide a stable and important source of income to STCTS.

Based on the information provided by the Group, we note that STDM has been the largest sales agent and bulk purchaser of STCTS for the Ferry Tickets for the two financial years ended 31 December 2009 and the nine months ended 30 September 2010 (the "Review Period"). During the Review Period, sales of Ferry Tickets through and to STDM contributed a substantial part of the total sales of Ferry Tickets. As such, we are of the view that STDM is capable of generating a stable and considerable demand for the sales of Ferry Tickets.

In light of the above, in particular that:

- (i) the SAA Extension Agreement is in line with the principal businesses of Group;
- (ii) both the STDM Commissions and the Discount to STDM are on normal commercial terms; and
- (iii) STDM is capable of generating a stable and considerable demand to the sales of Ferry Tickets,

we are of the view that the entering into the SAA Extension Agreement is in the interests of the Company and the Shareholders as a whole.

B. The FAA Extension Agreement

Date

28 October 2010

Parties

STCTS and STDM

LETTER FROM PLATINUM SECURITIES

Term

The FAA Extension Agreement will take effect from 1 January 2011 for three years until 31 December 2013, unless being early terminated by either party giving to the other not less than 3 months prior written notice. The parties may thereafter enter into a new agreement or renew the FAA Extension Agreement for a further period of three years or such other period as may be mutually agreed.

Scope of services

Pursuant to the FAA Extension Agreement, STDM will continue to supply and load Fuel onto STCTS Vessels and to maintain, manage and operate the Fuel storage tanks and other necessary equipment for the supply of Fuel such as filtration equipment, delivery hose and fuel pipes located at the Terminal. In order to ensure that the Fuel supply procedures are in compliance with STCTS requirements, the STCTS Group will continue to provide technical assistance to STDM at the Terminal.

Consideration

Under the FAA Extension Agreement, STCTS will continue to pay to STDM the Fuel Arrangement Fee which will be calculated based on the cost charged by the Macau petroleum supplier, plus a specified handling charge per liter of Fuel, and less the fee charged by the STCTS Group on STDM for the related technical assistance.

Based on our discussion with the management of the Group, we understand that, as the exclusive operator of the Terminal, STDM has been charging STCTS a specified handling charge per liter of Fuel on top of its purchase cost from its Macau petroleum supplier to STCTS. We understand that it is in line with market practice for a terminal operator to charge a handling fee on top of its Fuel purchase cost for supplying Fuel as advised by the management of the Group. Similarly, STCTS has similar arrangements for supplying Fuel to other independent vessel operators in Hong Kong and has been charging similar handling charges per liter of Fuel on top of its purchase cost from its petroleum supplier in Hong Kong. According to the information provided by the Group, we note that the handling charge paid to STDM is lower than the handling charge STCTS is charging other independent vessel operators. As such, we are of the view that the Fuel Arrangement Fee is on normal commercial terms and is fair and reasonable.

Reasons for the FAA Extension Agreement

As stated in the letter from the Board in the Circular, STDM is the exclusive operator of the Terminal under an arrangement with the Macau government. STDM has been supplying Fuel to STCTS for over 13 years. The continuing appointment of STDM to supply Fuel to STCTS Vessels under the FAA Extension contributes to the operational efficiency of the STCTS Group by saving costs in operating its own Fuel supply system at the Terminal and reducing STCTS Vessels' on-board fuel load

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and thus their fuel consumption. Given STDM is the exclusive operator of the Terminal and the daily operation of the STCTS Vessels is highly dependent on a steady and efficiency supply of Fuel, we are of the view that the FAA Extension Agreement is in the interests of the Company and the Shareholders as a whole.

4. Basis of the proposed annual caps

A. Ferry Ticket Transactions

Historical figures

Table 1 below shows the historical amounts of the STDM Commissions paid by the Group and the Discount granted to STDM in respect of the Ferry Ticket Transactions for the two financial years ended 31 December 2009 and the nine months ended 30 September 2010.

Table 1: Historical figures for the STDM Commissions and the Discount granted to STDM

	For the financial year		For the nine
	ended 31 December	ended 31 December	months ended
	2008	2009	30 September
	Audited	Audited	Unaudited
	HK\$' million	HK\$' million	HK\$' million
STDM Commissions	20.5	17.2	12.3
Discount granted to STDM	14.5	9.3	5.5
STDM Ticket Purchases	298.9	200.5	110.0
Percentage Discount granted to STDM ^{Note}	4.9	4.6	5.0

Note: Percentage Discount granted to STDM is calculated by the historical amounts of the Discount granted to STDM divided by the respective STDM Ticket Purchases.

Source: Letter from the Board in the Circular.

As illustrated in Table 1 above, the historical amounts of the STDM Commissions and the Discount granted to STDM have been decreasing since the financial year ended 31 December 2008. Based on our discussion with the management of the Group, we understand that the regional tourism industry had suffered from the global financial crisis, tightening Mainland travel policy, stiff competition and swine flu pandemic for the two financial years ended 31 December 2009. Since the STCTS Ferry Services are highly dependent on the regional tourism industry, therefore, the sale of Ferry Tickets by and to STDM had also been affected during the period.

In addition, the percentage Discounts granted to STDM during the period remained at a similar level at approximately 4.6% to 5.0%, which is below the maximum Discount of 12% as stipulated in the STDM Agency Agreement.

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Proposed annual caps

Table 2 below shows the proposed annual caps for the STDM Commissions and the Discount to STDM for the three financial years ending 31 December 2013.

Table 2: Proposed annual caps for the STDM Commissions and the Discount to STDM

	For the financial year ending 31 December		
	2011 <i>HK\$' million</i>	2012 <i>HK\$' million</i>	2013 <i>HK\$' million</i>
STDM Commissions	20.6	21.2	21.8
Discount to STDM	14.5	15.0	15.4
STDM Ticket Purchases	290.7	299.4	308.4
Percentage Discount to STDM ^{Note}	5.0	5.0	5.0

Note: Percentage Discount to STDM is calculated by dividing the proposed annual caps by the STDM Ticket Purchases.

Source: Letter from the Board in the Circular.

As stated in the letter from the Board in the Circular, the proposed annual caps for the SAA Extension are determined with reference to:

- (i) the historical amounts of the STDM Commissions, the STDM Ticket Purchases and the Discount for the two financial years ended 31 December 2009 and the nine months ended 30 September 2010; and
- (ii) the estimated value of Ferry Tickets to be sold by STDM as agent of STCTS, the STDM Ticket Purchases and the Discount thereon during each of the three financial years ending 31 December 2013, after taking into account the growth and development of the general economy and the passenger ferry market in the Pearl River Delta Region.

As discussed in the above section headed "Historical figures", the sales of Ferry Tickets for the two financial years ended 31 December 2009 were negatively impacted by several particular global and regional events; whilst sales for the nine months ended 30 September 2010 were still in recovery. Based on our discussion with the management of the Group, we understand that the management of Group expects a gradual recovery in the sales of Ferry Tickets. We have reviewed the information provided by the Group and note that the sales of Ferry Tickets had shown a sign of improvement for the nine months ended 30 September 2010 as compared to the same period in 2009. As such, we are of the view that it is reasonable for the Group to determine the annual caps based on the potential growth and development of the general economy.

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In addition, according to the Statistics and Census Service of the Macau government, the gross domestic product (“GDP”) of Macau increased by approximately 41.2% year-on-year in the second quarter of 2010; and visitor arrivals for the nine months ended 30 September 2010 reached 18.6 million, representing a year-on-year growth of approximately 17.1%.

Moreover, the percentage Discount to STDM as implied by the proposed annual caps remains at a level of 5% (the “Implied Percentage Discount”), which is in line with the historical percentage Discount granted to STDM during the Review Period. Furthermore, we note that the Maximum Discount is set above the Implied Percentage Discount. Based on our discussion with the management of the Group, we understand that such arrangement would provide flexibility to the Company in adjusting the Discount to STDM in accordance with prevailing market rate. We have reviewed the information provided by the Group and note that the Maximum Discount is within the range of discounts granted to other independent customers.

In light of the above, we are of the view that the proposed annual caps for the SAA Extension are fair and reasonable.

B. The Fuel Arrangement

Historical figures

Table 3 below shows the historical amounts of the Fuel Arrangement Fee paid by STCTS to STDM for the two financial years ended 31 December 2009 and the nine months ended 30 September 2010.

Table 3: Historical amounts of the Fuel Arrangement Fee

	For the financial year ended 31 December		For the nine months ended
	2008	2009	30 September
	Audited	Audited	Unaudited
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Fuel Arrangement Fee	417.0	241.7	204.4

Source: Letter from the Board in the Circular.

LETTER FROM PLATINUM SECURITIES

As illustrated in Table 3 above, the historical amounts of the Fuel Arrangement Fee paid by STCTS to STDM dropped substantially in 2009 and then recorded an increase for the nine months ended 30 September 2010. Based on our discussion with the management of the Group, we understand that the Fuel Arrangement Fee comprises two major components, namely, Fuel consumption and Fuel price. In 2009, as the tourist industry was tremendously impacted by the global financial crisis, the Group decided to reduce the level of the STCTS Ferry Services through providing less number of trips due to the weakened demand. During the same period, the Fuel price also fell substantially. Given the reduction in Fuel consumption together with a significant drop in Fuel price, the actual amount of the Fuel Arrangement Fee paid decreased accordingly in 2009. As the global economy starts to recover in 2010, STCTS has gradually restored its STCTS Ferry Services to their previous level and the Fuel price has also rebounded, both of which contributed to the upsurge of the Fuel Arrangement Fee.

Proposed annual caps

Table 4 below shows the proposed annual caps for the Fuel Arrangement Fee for the three financial years ending 31 December 2013.

Table 4: Proposed annuals caps for the Fuel Arrangement Fee

	For the financial year ending 31 December		
	2011	2012	2013
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Proposed annual caps	433.4	480.6	542.0

Source: Letter from the Board in the Circular.

As stated in the letter from the Board in the Circular, the proposed annual caps for the FAA Extension are determined with reference to:

- (i) the historical amounts of the Fuel Arrangement Fee paid by STCTS for the two financial years ended 31 December 2009 and the nine months ended 30 September 2010;
- (ii) the anticipated market trend of Fuel prices; and
- (iii) the projected usage of Fuel by the STCTS Vessels during each of the three financial years ending 31 December 2013, after taking into account the growth and development of the general economy and the passenger ferry market in the Pearl River Delta Region.

LETTER FROM PLATINUM SECURITIES

As discussed in the above section headed “Ferry Ticket Transactions — Proposed annual caps”, both the Macau economy and visitor arrivals have recorded robust growth in 2010. Based on our discussion with the management of the Group, we understand that the Group will offer more number of ferry trips should there be an increase in demand from the passenger ferry market, which would in turn boost the Fuel consumption of STCTS.

In addition, based on the information provided by the Group, we note that the average Fuel price per barrel paid by STCTS has surged by approximately 27% in first half of 2010 as compared to 2009.

Having considered the above factors, we are of the view that the proposed annual caps for the FAA Extension are fair and reasonable.

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 entering into the SAA Extension Agreement and the FAA Extension Agreement are on ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole;
- (ii) the STDM Commissions, the Discount to STDM and Fuel Arrangement Fee are on normal commercial terms and are fair and reasonable; and
- (iii) the proposed annual caps for the SAA Extension and the FAA Extension are fair and reasonable.

Having considered the above, we are of the view that the terms of the Transactions are in the ordinary and usual course of business of the Company, 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 ordinary resolutions in respect of the Transactions to be proposed at the EGM.

Yours faithfully,
For and on behalf of

Platinum Securities Company Limited

Ian Ramsay
Director and Head of Corporate Finance

Lenny Li
Director of Corporate Finance

A. 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.

B. 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 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	Note	Corporate interests	Note	
Dr. Stanley Ho	Interests in issued Shares	250,936,160		39,021,590	(iv)	13.35%
	Interests in unissued Shares	—		148,883,374	(v)	6.85%
	Interests in underlying Shares	1,587,300	(ii)	—		0.07%
Sir Roger Lobo	—	—		—		—
Mr. Norman Ho	—	—		—		—
Mr. Charles Ho	—	—		—		—
Dato' Dr. Cheng Yu Tung	—	—		—		—

Name of Director	Nature of interests	Number of Shares held				Approximate percentage of total issued Shares <i>Note (i)</i>
		Personal interests	<i>Note</i>	Corporate interests	<i>Note</i>	
Mrs. Louise Mok	Interests in issued Shares	342,627		—		0.02%
Mr. Michael Ng	Interests in underlying Shares	5,633,713	(iii)	—		0.26%
Ms. Pansy Ho	Interests in issued Shares	47,087,604		191,931,661	(vi)	11.00%
	Interests in unissued Shares	—		148,883,374	(v)	6.85%
	Interests in underlying Shares	10,157,740	(ii)	—		0.47%
Ms. Daisy Ho	Interests in issued Shares	45,647,811		97,820,707	(vii)	6.60%
	Interests in unissued Shares	—		148,883,374	(v)	6.85%
	Interests in underlying Shares	12,157,740	(ii)	—		0.56%
Ms. Maisy Ho	Interests in issued Shares	11,680,435		23,066,918	(viii)	1.60%
	Interests in underlying Shares	20,157,740	(ii)	—		0.93%
Mr. David Shum	Interests in underlying Shares	5,000,000	(ii)	—		0.23%

Notes:

- (i) As at the Latest Practicable Date, the total number of issued Shares was 2,172,276,887.
- (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) 633,713 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\$5,000,000 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 issued 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*

Name of Director	Name of subsidiary	Corporate interests	Approximate percentage of total issued shares <i>Note (i)</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*

Name of Director	Name of associated corporation	Corporate interests	Approximate percentage of total issued shares <i>Note (i)</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 <i>Note (i)</i>
Mr. Michael Ng	Joyous King Group Limited	HK\$5,000,000 <i>Note (ii)</i>	0.32%

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\$5,000,000 held by Mr. Michael Ng would be convertible into 633,713 Shares, representing approximately 0.03% of the issued share capital of the Company, at the adjusted conversion price of HK\$7.89 per Share during the conversion period upto 15 October 2014 subject to the terms and conditions of the Convertible Bonds. These interests duplicate Mr. Michael Ng's interests in underlying Shares as 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 April 2010 to 31 January 2015	4.68	2,500,000
	(iii)	1 February 2010	1 April 2011 to 31 January 2015	4.68	2,500,000

Notes:

(i) These 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 were all vested on 1 April 2010.

- (iii) These share options are subject to vesting. If Mr. Michael Ng's appointment with the Company is not terminated (other than termination with cause) before 1 April 2011, these 2,500,000 share options will be vested on 1 April 2011, or if the appointment is terminated 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	Approximate percentage of total issued Shares <i>Note (i)</i>
Shun Tak Shipping Company, Limited ("STS") and its subsidiaries	(ii)	Interests in issued Shares	Beneficial owner	Long position	308,057,215	14.18%
Alpha Davis Investments Limited ("ADIL")	(iii)	Interests in unissued Shares	Beneficial owner	Long position	148,883,374	6.85%
Innowell Investments Limited ("IIL")	(iii)	Interests in unissued Shares	Interests of controlled corporation	Long position	148,883,374	6.85%
Megaprosper Investments Limited ("MIL")	(iii)	Interests in unissued Shares	Interests of controlled corporation	Long position	148,883,374	6.85%
Hanika Realty Company Limited ("Hanika")	(iv)	Interests in issued Shares	Beneficial owner	Long position	148,566,084	6.84%
Ranillo Investments Limited ("Ranillo")	(iv)	Interests in issued Shares	Interests of controlled corporation	Long position	148,566,084	6.84%

Notes:

- (i) As at the Latest Practicable Date, the total number of issued Shares was 2,172,276,887.
- (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) 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.

C. 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 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 (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.

D. 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).

E. 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.
- (c) On 18 June 2010, Grace Wealth Development Limited (the "Purchaser" and an indirect wholly owned subsidiary of the Company), together with the Company as guarantor to the Purchaser, entered into a conditional sale and purchase agreement with Hanika (the "Vendor" and in which, among others, Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho have beneficial interest) to acquire a site located at Chung Hom Kok Road, Hong Kong, at a consideration of approximately HK\$624 million. An announcement and a circular were made by the Company on 18 June 2010 and 12 July 2010 respectively in this respect. This acquisition was completed in September 2010.

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.

F. DIRECTORS' INTERESTS IN CONTRACTS AND ARRANGEMENTS

- (a) Pursuant to a master service agreement entered into between the Company and MGM Grand Paradise Limited ("MGM") on 8 October 2010, 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, sale of travel products to the MGM Group, rental of hotel rooms to the MGM Group, provision of laundry service to the MGM group, provision of advertising services to the MGM Group, provision of property cleaning services to the MGM Group and rental of guestrooms at the MGM Macau to the Group. An announcement was made by the Company on 8 October 2010 in this respect. 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.
- (b) 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. An announcement was made by the Company on 4 February 2010 in this respect.

Save for the contracts disclosed in this section and the SAA Extension and FAA Extension disclosed in the Letter from the Board in this circular, 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 since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up.

G. 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.

H. EXPERT AND CONSENT

- (a) The following is the qualification of the expert who has given an opinion, letter or advice which are contained in this circular:

Name	Qualification
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

- (b) As at the Latest Practicable Date, Platinum Securities did not have 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, Platinum Securities had no 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) Platinum Securities has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it is included.

I. 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 STDM Agency Agreement and the SAA Extension Agreement;
- (b) the Fuel Arrangement Agreement and the FAA Extension Agreement;
- (c) the STDM Master Leasing Agreement dated 4 February 2010 entered into between the Company and STDM;
- (d) the STC Master Leasing Agreement dated 4 February 2010 entered into between the Company and STC;
- (e) the sale and purchase agreement dated 18 June 2010 entered into between Grace Wealth Development Limited (an indirect wholly owned subsidiary of the Company) and Hanika;

- (f) the master property services agreement dated 4 February 2010 entered into between the Company and STDM; and
- (g) the master service agreement dated 8 October 2010 entered into between the Company and MGM.

J. 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 Thursday, 9 December 2010 at 11:00 a.m. for the purpose of considering and if thought fit, passing with or without amendments the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the Ferry Ticket Transactions (including without limitation the STDM Commissions, the STDM Ticket Purchases and the Discount) pursuant to the terms and conditions of the STDM Agency Agreement as amended by the SAA Extension Agreement, as all are defined and described in the circular dated 18 November 2010 and despatched to the shareholders of the Company of which this notice forms part (the “Circular”), together with the proposed annual caps as set out in paragraphs (b), (c) and (d) below, be and are hereby approved and that the Directors (other than the Abstained Directors (as defined in the Circular)) or a committee duly authorised by the Board of Directors be and are hereby authorised to take all such steps to implement the same and to execute 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 of the Ferry Ticket Transactions as they may think fit;
- (b) the STDM Commissions payable by Shun Tak-China Travel Shipping Investments Limited (“STCTS”) to Sociedade de Turismo e Diversões de Macau, S.A. (“STDM”) during the three financial years ending 31 December 2011, 2012 and 2013 shall not exceed HK\$20.6 million, HK\$21.2 million and HK\$21.8 million respectively;
- (c) the STDM Ticket Purchases during the three financial years ending 31 December 2011, 2012 and 2013 shall not exceed HK\$290.7 million, HK\$299.4 million and HK\$308.4 million respectively; and

NOTICE OF EGM

- (d) the Discount granted by STCTS to STDM during the three financial years ending 31 December 2011, 2012 and 2013 shall not exceed HK\$14.5 million, HK\$15.0 million and HK\$15.4 million respectively.”

2. “**THAT:**

- (a) the Fuel Arrangement (including without limitation the Fuel Arrangement Fee) pursuant to the terms and conditions of the Fuel Arrangement Agreement as amended by the FAA Extension Agreement, as all are defined and described in the Circular, together with the proposed annual caps as set out in paragraph (b) below, be and are hereby approved and that the Directors (other than the Abstained Directors (as defined in the Circular)) or a committee duly authorised by the Board of Directors be and are hereby authorised to take all such steps to implement the same and to execute 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 of the Fuel Arrangement as they may think fit; and
- (b) the Fuel Arrangement Fee payable by STCTS to STDM during the three financial years ending 31 December 2011, 2012 and 2013 shall not exceed HK\$433.4 million, HK\$480.6 million and HK\$542.0 million respectively.”

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

Hong Kong, 18 November 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 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

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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, 6 December 2010 to Thursday, 9 December 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 transfer forms 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, 3 December 2010.
- (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 resolutions 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.