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SHUN TAK HOLDINGS LIMITED

信德集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 242)

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

ANNOUNCEMENT

**CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
PROMINENT PRINCESS INTERNATIONAL LIMITED**

On 15 May 2008, Vintage Beauty (as vendor), STDM (as guarantor of the vendor), Clear Place (as purchaser and an indirect wholly owned subsidiary of the Company) and the Company (as guarantor of the purchaser) entered into the SPA, pursuant to which Clear Place has conditionally agreed to acquire and Vintage Beauty has conditionally agreed to sell the Sale Share (being the entire issued share capital of Prominent Princess) and the Shareholder's Loan. As at the date of this announcement, the sole asset of Prominent Princess is a 20% interest in STSR which in turn owns the development right of the Site.

The Consideration is HK\$238.0 million, comprising approximately HK\$137.8 million for the Sale Share and approximately HK\$100.2 million for the Shareholder's Loan. The Consideration will be financed by the Group's internal resources and payable by Clear Place to Vintage Beauty upon completion of the SPA.

The Consideration was determined following commercial and arm's length negotiations between the parties with reference to (a) the valuation of the Site of HK\$1,291.0 million as at 30 April 2008 prepared by an independent property valuer appointed by the Company; (b) the financial position of Prominent Princess and STSR; (c) the development potential of the Site; and (d) the general conditions of Macau's hospitality and property market.

STDM is a substantial Shareholder and is therefore a connected person of the Company under the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (other than the profits ratio) is more than 0.1% but less than 2.5%, the SPA is only subject to the reporting and announcement requirements set out in rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent Shareholders' approval requirement. Appropriate disclosure of the SPA will also be made in the annual report of the Company in accordance with the Listing Rules.

Date of the SPA 15 May 2008

Parties

Vendor: Vintage Beauty (an indirect wholly owned subsidiary of STDM)

Purchaser: Clear Place (an indirect wholly owned subsidiary of the Company)

Vendor's Guarantor: STDM

Purchaser's Guarantor: The Company

Vintage Beauty, Clear Place, STDM and the Company entered into the SPA on 15 May 2008, pursuant to which:

- (a) Clear Place has conditionally agreed to acquire and Vintage Beauty has conditionally agreed to sell the Sale Share and the Shareholder's Loan for a total cash consideration of HK\$238.0 million;
- (b) STDM has agreed to guarantee to Clear Place the due and punctual performance by Vintage Beauty of all its obligations under the SPA; and
- (c) the Company has agreed to guarantee to Vintage Beauty the due and punctual performance by Clear Place of all its obligations under the SPA.

Consideration

The Consideration consists of approximately HK\$137.8 million for the Sale Share and approximately HK\$100.2 million for the Shareholder's Loan. The Consideration will be financed by the Group's internal resources and payable by Clear Place to Vintage Beauty upon completion of the SPA.

The Consideration was determined following commercial and arm's length negotiations between the parties with reference to (a) the valuation of the Site of HK\$1,291.0 million as at 30 April 2008; (b) the financial position of Prominent Princess and STSR; (c) the development potential of the Site; and (d) the general conditions of Macau's hospitality and property market.

The Site was valued by an independent property valuer appointed by the Company using comparison method with reference to prices realised on actual sales or offerings of comparable properties.

STDM's indirect interest in STSR was acquired from Many Glory, an indirect wholly owned subsidiary of the Company, at an aggregate consideration of approximately HK\$100.2 million in December 2002 which was approved by the independent Shareholders on 19 December 2002.

The Directors (including the independent non-executive Directors) are of the view that the Acquisition is: (a) in the ordinary and usual course of business of the Company; (b) on normal commercial terms; (c) on terms that are fair and reasonable; and (d) in the interests of the Company and its Shareholders as a whole.

Conditions precedent

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

- (a) the directors of Vintage Beauty and STDM passing their respective board resolution(s) approving the SPA and the transactions contemplated under the SPA;
- (b) the shareholders of Vintage Beauty and STDM passing at an extraordinary general meeting of Vintage Beauty and STDM (as the case may be) of ordinary resolution(s) approving the SPA and the transactions contemplated under the SPA; and
- (c) the obtaining of any requisite consent, approval or authority in connection with the SPA and any other matters contemplated by it.

In the event that any of the conditions of the SPA is not fulfilled on or before the Long Stop Date (or such other date as may be extended by Clear Place to a date no later than 6 months after the Long Stop Date), the SPA will lapse and the Acquisition will not proceed to completion.

Completion

Completion of the SPA will take place on the seventh Business Day after the fulfilment of all the conditions of the SPA, or such other date as may be agreed between the parties to the SPA.

Information on STDM, Vintage Beauty, Prominent Princess, STSR and the Site

STDM, a company incorporated in Macau, has diverse business interests including entertainment, leisure, sports, tourism and realty, predominantly in Macau.

Vintage Beauty is an investment holding company and an indirect wholly owned subsidiary of STDM. As at the date of this announcement, Vintage Beauty owns 100% of the issued share capital of Prominent Princess.

Prominent Princess, a wholly owned subsidiary of Vintage Beauty, was incorporated in the British Virgin Islands on 13 December 2007. It has no business operation other than its holding of 20% equity interest in STSR and a shareholder's loan of HK\$100.0 million advanced to STSR since May 2008. The net asset value of Prominent Princess as at 31 December 2007 was approximately zero and it did not record any profit or loss for the period from its date of incorporation to 31 December 2007. In the books of Prominent Princess, its investment in STSR is stated at cost less accumulated impairment losses (if any).

STSR is a company incorporated in Macau and is owned as to 80% by Many Glory and 20% by Prominent Princess as at the date of this announcement. Its principal asset is the development right of the Site.

As at 31 December 2007, STSR had a net liability value of approximately MOP64.2 million. The audited net loss (both before and after taxation) of STSR for the years ended 31 December 2006 and 2007 were approximately MOP11.2 million and MOP10.8 million respectively. These losses were mainly attributable to the amortisation of development right of the Site of approximately MOP10.7 million per annum.

The Site is located at Baia de Nossa Senhora de Esperança, Taipa, Macau, with a maximum developable GFA of approximately 2,152,800 sq. ft. (200,000 sq. m.) for hotel uses and approximately 796,536 sq. ft. (74,000 sq. m.) for car parking purpose. Development of the Site is under planning and has not commenced.

Background to, and reasons 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 Macau economy, in particular tourism, gaming industry and the property market have recorded robust growth since the liberalisation of the gaming industry a few years ago. The Group will continue to focus on its principal businesses such as transportation, hospitality and property development projects particularly in Macau.

Upon completion of the Acquisition, STSR will become an indirect wholly owned subsidiary of the Company, providing the Company with an absolute discretion and flexibility on the planning and development of the Site and complementing the development of other property projects of the Group in Macau. STSR's financial results will continue to be consolidated into the Group's financial statements for the year ending 31 December 2008.

Implications under the Listing Rules

STDM is a substantial Shareholder and is therefore a connected person of the Company under the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (other than the profits ratio) is more than 0.1% but is less than 2.5%, the SPA is only subject to the reporting and announcement requirements set out in rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent Shareholders' approval requirement. Appropriate disclosure of the SPA will also be made in the annual report of the Company in accordance with the Listing Rules.

Definitions

“Acquisition”	acquisition of the Sale Share and the Shareholder's Loan pursuant to the SPA
“Business Day”	a day on which licensed banks in Hong Kong and in Macau are generally open for business (other than Saturday, Sunday or public holiday)
“Clear Place”	Clear Place Enterprises Limited, a company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of the Company
“Company”	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Consideration”	the consideration for the Acquisition, being HK\$238.0 million payable in cash
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Long Stop Date”	a date falling 3 months from the date of the SPA
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Many Glory”	Many Glory Limited, a company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Prominent Princess”	Prominent Princess International Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of Vintage Beauty as at the date of this announcement
“Sale Share”	1 shares of US\$1 in Prominent Princess, representing its entire issued share capital as at the date of this announcement and as at completion of the SPA
“Shares”	shares of HK\$0.25 each in the capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholder’s Loan”	the loan owed by Prominent Princess to Vintage Beauty (including interest accrued thereon, if any) which amounts to approximately HK\$100.2 million as at the date of this announcement and at completion of the SPA
“Site”	the site located at Baia de Nossa Senhora de Esperança, Taipa, Macau with a maximum developable GFA of approximately 2,152,800 sq. ft. (200,000 sq. m.) for hotel uses and approximately 796,536 sq. ft.(74,000 sq. m.) for car parking purpose
“SPA”	the conditional agreement for the Acquisition dated 15 May 2008 entered into between Vintage Beauty (as vendor), STDM (as guarantor of the vendor), Clear Place (as purchaser) and the Company (as guarantor of the purchaser)

“STDM”	Sociedade de Turismo e Diversões de Macau, S.A., a company incorporated in Macau and a substantial Shareholder and a connected person of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“STSR”	Shun Tak, Serviços Recreativos, S.A., a company incorporated in Macau and is owned as to 80% by Many Glory and 20% by Prominent Princess as at the date of this announcement, which owns the development right of the Site
“Vintage Beauty”	Vintage Beauty Investments Limited, a company incorporated in the British Virgin Islands and an indirectly wholly owned subsidiary of STDM as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“MOP”	Patacas, the lawful currency of Macau
“US\$”	United States dollars, the lawful currency of the United States of America
“sq. ft.”	square feet
“sq. m.”	square metre

This announcement contains translations of MOP amounts into Hong Kong dollars at a rate of MOP1 = HK\$0.971.

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

Hong Kong, 16 May 2008

As at the date of this announcement, the executive Directors are Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho, Dr. Ambrose So, Mr. Patrick Huen, Mr. Anthony Chan, Ms. Maisy Ho and Mr. David Shum.

The non-executive Directors are Dato’ Dr. Cheng Yu Tung and Mrs. Louise Mok and the independent non-executive Directors are Sir Roger Lobo, Mr. Norman Ho, Mr. Charles Ho and Mr. Yeh V-Nee.