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

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

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

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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  
IN RELATION TO  
RENEWAL OF STD M TRANSACTIONS AND  
FUEL ARRANGEMENT AND  
REVISION OF 2007 ANNUAL CAP FOR FUEL ARRANGEMENT FEE**

**Financial adviser to Shun Tak Holdings Limited**



**Optima Capital Limited**

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



**CIMB-GK Securities (HK) Limited**

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A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee is set out on pages 12 and 13 of this circular. A letter from CIMB-GK containing its advice and recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 20 of this circular.

A notice convening the EGM to be held at Golden Restaurant, Macau Jockey Club (HK) Club House, 1st Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on 12 December 2007 at 12:10 p.m. (or so soon thereafter as the other extraordinary general meeting of the Company convened at 12:00 noon on the same day and place shall have concluded or adjourned) is set out on pages 30 and 31 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 by no later than 48 hours before the time appointed for the holding of the EGM. 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 should you so wish.

27 November 2007

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## CONTENTS

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<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
<b>Letter from the Independent Board Committee</b> .....	12
<b>Letter from CIMB-GK</b> .....	14
<b>Appendix — General information</b> .....	21
<b>Notice of EGM</b> .....	30

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## DEFINITIONS

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

“Board”	the board of Directors of the Company
“CIMB-GK”	CIMB-GK Securities (HK) Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“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 directors, including independent non-executive directors, of the Company
“Discount”	the discount granted by STCTS to STDM pursuant to the SAA Extension on STDM Ticket Purchases
“Dr. Ho”	Dr. Stanley Ho, a substantial Shareholder and the Chairman of the Company
“EGM”	the extraordinary general meeting to be convened by the Company for the purpose of considering and (if thought fit) approving the SAA Extension, the FAA Extension, the respective annual caps and the Increased Cap
“FAA Extension”	the amendment agreement entered into by STCTS and STDM on 12 November 2007 for the purpose of renewing the Fuel Arrangement Agreement
“Ferry Tickets”	tickets for the STCTS Ferry Services
“Fuel”	Marine industrial diesel oil
“Fuel Arrangement”	the supplying and loading of the Fuel onto STCTS Vessels at the Terminal by STDM pursuant to the Fuel Arrangement Agreement
“Fuel Arrangement Agreement”	the agreement between STCTS and STDM in relation to the Fuel Arrangement dated 23 December 2004, as renewed by the FAA Extension
“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 PRC

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## DEFINITIONS

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“Increased Cap”	the increased cap on Fuel Arrangement Fee from HK\$310 million to HK\$350 million for the financial year ending 31 December 2007
“Independent Board Committee”	the independent committee of the Directors comprising Sir Roger Lobo, Mr. Norman Ho, Mr. Charles Ho and Mr. Yeh V-Nee established to advise the Independent Shareholders in respect of the STDM Transactions and the Fuel Arrangement (with their respective annual caps and the Increased Cap)
“Independent Shareholders”	Shareholders other than STDM, Dr. Ho and their respective associates and any other connected person (if any) with a material interest in the STDM Transactions and the Fuel Arrangement
“Interdragon”	Interdragon Limited, a company incorporated in the British Virgin Islands and an indirect non wholly-owned Subsidiary of the Company
“Latest Practicable Date”	23 November 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“Net Total Sales”	total receipts from customers for the sale of Ferry Tickets on all routes of STCTS Ferry Services less any discounts and concessions on ferry tickets agreed by STCTS, and any taxes, fees or levies paid thereon to any government or ferry terminal operator
“PRC”	The People’s Republic of China
“SAA Extension”	the amendment agreement entered into by STCTS and STDM on 12 November 2007 renewing the STDM Agency Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	shares of HK\$0.25 each in the capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company

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## DEFINITIONS

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“STCTS”	Shun Tak-China Travel Shipping Investments Limited, a company incorporated in the British Virgin Islands and a non wholly-owned Subsidiary, with 71% of its issued share capital owned by Interdragon and the remaining 29% issued share capital indirectly owned by China Travel
“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 a substantial Shareholder
“STDM Agency Agreement”	the agency agreement entered into between STCTS and STDM in relation to the STDM Transactions dated 3 June 1999, as amended on 29 April 2002, 4 December 2004 and renewed by the SAA Extension
“STDM Commissions”	the commissions payable by STCTS to STDM pursuant to the STDM Agency Agreement and the SAA Extension for acting as its 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 purchase of Ferry Tickets by STDM from the STCTS Group for its own account
“STDM Transactions”	the (1) sale of Ferry Tickets by STDM as agent for and on behalf of STCTS with STDM Commissions; and (2) STDM Ticket Purchases subject to the Discount pursuant to the STDM Agency Agreement and the SAA Extension
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary” or “Subsidiaries”	Subsidiaries (whether directly or indirectly owned) within the Group
“Terminal”	Macau Outer Harbour Terminal, Macau
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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LETTER FROM THE BOARD

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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>**

*Directors:*

Dr. Stanley Ho (*Group Executive Chairman*)

Sir Roger Lobo<sup>\*\*</sup>

Mr. Norman Ho<sup>\*\*</sup>

Mr. Charles Ho<sup>\*\*</sup>

Mr. Yeh V-Nee<sup>\*\*</sup>

Dato' Dr. Cheng Yu Tung<sup>\*</sup>

Mrs. Mok Ho Yuen Wing, Louise<sup>\*</sup>

Ms. Pansy Ho (*Managing Director*)

Ms. Daisy Ho (*Deputy Managing Director*)

Dr. Ambrose So

Mr. Patrick Huen

Mr. Anthony Chan

Ms. Maisy Ho

Mr. David Shum

*Registered office and head office:*

Penthouse

39th Floor, West Tower

Shun Tak Centre

200 Connaught Road

Central, Hong Kong

<sup>\*</sup> *Non-Executive Directors*

<sup>\*\*</sup> *Independent Non-Executive Directors*

27 November 2007

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO  
RENEWAL OF STDM TRANSACTIONS AND  
FUEL ARRANGEMENT AND  
REVISION OF 2007 ANNUAL CAP FOR FUEL ARRANGEMENT FEE**

**INTRODUCTION**

It was announced, on 14 November 2007, that STCTS entered into the SAA Extension and the FAA Extension with STDM to continue the STDM Transactions and the Fuel Arrangement.

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## LETTER FROM THE BOARD

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

The Independent Board Committee, comprising Sir Roger Lobo, Mr. Norman Ho, Mr. Charles Ho and Mr. Yeh V-Nee, has been constituted to give recommendations to the Independent Shareholders on the terms of the STDM Transactions and the Fuel Arrangement (with their respective annual caps including the Increased Cap). CIMB-GK has been appointed as the independent financial adviser to the Independent Board Committee and Independent Shareholders in this regard. A letter from the Independent Board Committee is set out on pages 12 and 13 of this circular and a letter from CIMB-GK is set out on pages 14 to 20 of this circular.

The purpose of this circular is to provide you with, among other things, details of the STDM Transactions and the Fuel Arrangement (with their respective annual caps including the Increased Cap) and to give you notice of the EGM at which resolutions shall be proposed to consider and approve the STDM Transactions and the Fuel Arrangement (with their respective annual caps including the Increased Cap).

### THE STDM TRANSACTIONS

Reference is made to the announcement of the Company dated 15 December 2004 and the circular of the Company dated 17 December 2004 in relation to, among other things, the STDM Transactions. On 12 November 2007, the Company extended the STDM Agency Agreement by signing the SAA Extension to continue the STDM Transactions for a further period of three years until 31 December 2010.

#### The SAA Extension

Date	12 November 2007, to take effect from 1 January 2008
Parties	STCTS and STDM
Term	The 2007 SAA Extension will take effect from 1 January 2008 for 3 years until 31 December 2010. The parties may thereafter renew the agreement for further periods of three years unless terminated by either party on giving specified period of prior written notice.

#### Nature of STDM Transactions and considerations

- (i) Sale of Ferry Tickets by STDM as agent of STCTS and payment of STDM Commissions

STDM has been appointed since 3 June 1999 as STCTS' 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 throughout Macau.

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## LETTER FROM THE BOARD

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In consideration for STDM sales agency services, STCTS will continue to pay 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 is in the normal course of business of STCTS.

(ii) STDM Ticket Purchases subject to Discount

STDM has been the largest customer of the Group in recent years as a bulk purchaser of Ferry Tickets for its own account. STCTS will continue to grant to STDM a Discount of up to a maximum of 12% or lower (as may be 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 and is in accordance with market practice of granting discounts on bulk purchases of tickets to promote the STCTS Ferry Services. No STDM Commission will be paid to STDM for bulk purchase of Ferry Tickets by STDM for its own account.

### Historical figures

Set out below are the historical amounts of STDM Commissions, STDM Ticket Purchases and Discount:

	<b>STDM Commissions</b> <i>HK\$ million</i>	<b>STDM Ticket Purchases</b> <i>HK\$ million</i>	<b>Discount to STDM</b> <i>HK\$ million</i>
Year ended 31 December 2005	15.4	474.1	23.6
Year ended 31 December 2006	17.5	462.5	23.0
9 months ended 30 September 2007	15.1	320.4	16.0

### Proposed annual caps

Set out below are the annual caps on STDM Commissions, STDM Ticket Purchases and Discount proposed for the financial years ending 31 December 2008, 2009 and 2010 respectively.

<b>Financial year ending</b>	<b>STDM Commissions</b> <i>HK\$ million</i>	<b>STDM Ticket Purchases</b> <i>HK\$ million</i>	<b>Discount to STDM</b> <i>HK\$ million</i>
31 December 2008	26.0	544.5	27.2
31 December 2009	30.3	634.6	31.7
31 December 2010	33.5	701.2	35.1

The annual caps proposed above are determined with reference to (i) the historical amount of STDM Commissions, STDM Ticket Purchases and Discount for the two years ended 31 December 2005 and 2006 and the first 9 months of 2007; (ii) the estimated projection of Ferry Tickets sold by STDM as agent of STCTS, STDM Ticket Purchases and Discount granted thereon taking into account the growth and development of the economy, increasing tourism and the passengers shipping industry of the Pearl River Delta region.

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## LETTER FROM THE BOARD

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### Reasons for the STDM Transactions

The Company is an investment holding company and its subsidiaries are engaged in a number of business activities including shipping, hospitality, property development and investment. STCTS, the Group's shipping arm, is a major operator of passenger ferry services between Hong Kong, Macau and Pearl River Delta.

STDM is a company incorporated in Macau. Its diverse business interests include entertainment, leisure, sports, tourism and realty, predominantly in Macau. STDM has been one of the largest sales agents of Ferry Tickets for the STCTS Group in recent years. Leveraging on STDM's established sales network and it being the exclusive Terminal operator, the continuing appointment of STDM as the Group's sales agent broadens the customer base for STCTS Ferry Services and enhances the operational efficiency of STCTS in dispensing with the need for separate ticket outlets at the Terminal.

The STDM Ticket Purchases have been undertaken by STDM for its own account for hotel and promotional activities. STDM has been the largest customer of the Group in recent years. The granting of the Discount to STDM for its bulk purchases is in accordance with market practice for the purpose of promoting the STCTS Ferry Services.

The Directors consider that the STDM Transactions are in the ordinary course of business of the Group and on normal commercial terms and that the terms of the STDM Transactions and annual caps are fair and reasonable and in the interests of the Shareholders as a whole.

### THE FUEL ARRANGEMENT

Reference is made to the announcements of the Company dated 29 December 2004 and 10 October 2005 and the circular of the Company dated 21 October 2005 in relation to, among other things, the Fuel Arrangement Agreement which will expire on 31 December 2007. On 12 November 2007, STCTS extended the Fuel Arrangement Agreement by executing the FAA Extension to continue STDM's appointment to supply and load Fuel onto STCTS Vessels for a further period of three years until 31 December 2010. The Board also anticipates that the previously approved cap on the Fuel Arrangement Fee for 2007 will be insufficient and seeks Independent Shareholders' approval for the Increased Cap from HK\$310 million to HK\$350 million.

#### The FAA Extension

Date	12 November 2007, to take effect from 1 January 2008
Parties	STCTS and STDM
Term	The FAA Extension will take effect from 1 January 2008 for 3 years until 31 December 2010. The parties may thereafter renew the agreement for further periods of three years unless terminated by either party on giving specified period of prior written notice.

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## LETTER FROM THE BOARD

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### Scope of services

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. 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

STCTS will continue to pay STDM the Fuel Arrangement Fee which is 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 STCTS Group on STDM for related technical assistance.

### Historical figures

The Fuel Arrangement Fee paid by STCTS to STDM for the years ended 31 December 2005 and 2006 and the 9 months ended 30 September 2007 amounted to HK\$189 million, HK\$249 million and HK\$224 million respectively.

### Increased Cap

Based on the Group's management report up to 30 September 2007, the Fuel Arrangement Fee during the first 9 months of 2007 was HK\$224 million. Taking into account the rising market trend of Fuel prices and the usage projection of Fuel in the fourth quarter of 2007, the Board seeks to revise the 2007 annual cap on the Fuel Arrangement Fee from HK\$310 million to HK\$350 million.

### Annual caps

Set out below are the annual caps on the Fuel Arrangement Fee proposed for the financial years ending 31 December 2008, 2009 and 2010:

<b>Financial year ending</b>	<b>Annual caps on Fuel Arrangement Fee</b> <i>HK\$ million</i>
31 December 2008	518.4
31 December 2009	641.3
31 December 2010	802.1

The annual caps proposed above are determined with reference to (i) the historical Fuel Arrangement Fee paid by STCTS during the two years ended 31 December 2005 and 2006 and the first 9 months of 2007; (ii) the anticipated rising market trend of Fuel prices; (iii) the usage projection of Fuel by STCTS Vessels taking into account the growth and development of the economy, tourism and demand for passengers shipping services of the Pearl River Delta region.

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## LETTER FROM THE BOARD

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### **Reasons for the Fuel Arrangement and the Increased Cap**

STDM is the exclusive operator of the Terminal under an arrangement with the Macau government. STDM has been supplying Fuel to STCTS for over 10 years. The continuing appointment of STDM to supply Fuel to STCTS Vessels under the Fuel Arrangement Agreement and 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, the vessels' on-board fuel load and thus their fuel consumption. The Directors consider that the Fuel Arrangement is in the ordinary course of business of the Group and is on normal commercial terms, and that the terms of the Fuel Arrangement, with the proposed annual caps, are fair and reasonable and in the interests of the Shareholders as a whole.

In November 2005, the Board proposed annual caps on the Fuel Arrangement Fee for the three years ended 31 December 2005, 2006 and 2007 of HK\$220 million, HK\$380 million and HK\$310 million respectively which were approved by Shareholders at an extraordinary general meeting. With the current projected usage of Fuel for the remaining 3 months of 2007, the Board anticipates that the approved cap of HK\$310 million for 2007 will be exceeded. The reasons are (i) the surge in Fuel market price during the first 9 months of 2007 which is expected to continue during the remainder of 2007; and (ii) the Fuel usage by STCTS Vessels and the substantial increase in proportion of Fuel intake in Macau during 2007 due to the influx of tourists to Macau. The Board therefore seeks an increase in the 2007 annual cap on the Fuel Arrangement Fee to HK\$350 million as the Increased Cap.

### **LISTING RULES IMPLICATIONS OF THE THE STDM TRANSACTIONS AND FUEL ARRANGEMENT**

STDM is a substantial shareholder of the Company and its connected person under the Listing Rules. The STDM Transactions and Fuel Arrangement will be on an on-going basis and constitute continuing connected transactions of the Company under the Listing Rules. As the applicable percentage ratios (other than the profits ratio) for the respective annual caps of the STDM Transactions and Fuel Arrangement exceed 2.5%, the STDM Transactions (and annual caps) and the Fuel Arrangement (and annual caps including the Increased Cap) are subject to disclosure and Independent Shareholders' approval requirements under Rules 14A.47 and 14A.48 of the Listing Rules. STDM, Dr. Ho, and their respective associates, and any other connected persons (if any) with material interests in the STDM Transactions and/or the Fuel Arrangement will abstain from voting on the relevant resolutions at the EGM.

### **RECOMMENDATION**

The Directors are of the view that the STDM Transactions and the Fuel Arrangement (with their respective annual caps and the Increased Cap) are (a) in the ordinary and usual course of business of the Group; (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.

The Independent Board Committee has been appointed to advise the Independent Shareholders in respect of the STDM Transactions and the Fuel Arrangement (with their respective annual caps and the Increased Cap). CIMB-GK has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the STDM Transactions and the

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## LETTER FROM THE BOARD

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Fuel Arrangement (with their respective annual caps and the Increased Cap). The letter to the Independent Shareholders from the Independent Board Committee containing its recommendation is set out on pages 12 and 13 of this circular. Having regards to the opinion of CIMB-GK, which is set out on pages 14 to 20 of this circular, the Independent Board Committee is of the opinion that the terms of the STDM Transactions and the Fuel Arrangement (with their respective annual caps and the Increased Cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the STDM Transactions and the Fuel Arrangement (with their respective annual caps and the Increased Cap).

### EGM

A notice convening the EGM of Company to be held at Golden Restaurant, Macau Jockey Club (HK) Club House, 1st Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on 12 December 2007 at 12:10 p.m. (or so soon thereafter as the other extraordinary general meeting of the Company convened at 12:00 noon on the same day and place shall have concluded or adjourned) is set out on pages 30 and 31 of this circular. Ordinary resolutions will be proposed at the EGM to approve the Fuel Arrangement and the STDM Transactions (with their respective annual caps and the Increased Cap) and other related matters of the Company. A form of proxy for use at the EGM or any adjourned meeting is enclosed. 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 the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting in person if you so wish. In accordance with the Listing Rules, the ordinary resolutions to be proposed at the EGM to approve the STDM Transactions and the Fuel Arrangement (with their respective annual caps and the Increased Cap) are required to be voted by way of poll.

### PROCEDURES TO DEMAND POLL

The following are the procedures by which shareholders may demand a poll pursuant to Article 56 of the Articles of Association:

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. Subject to the Companies Ordinance, a poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least three Shareholders present in person or by proxy and entitled to vote; or
- (c) any Shareholder or Shareholders present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or

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## LETTER FROM THE BOARD

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- (d) any Shareholder or Shareholders present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Unless a poll is so demanded and the demand is not withdrawn, a declaration by the chairman that on a show of hands a resolution has been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost shall be final and conclusive, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.

### ADDITIONAL INFORMATION

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

Yours faithfully,  
For and on behalf of the Board  
**Shun Tak Holdings Limited**  
**Dr. Stanley Ho**  
*Group Executive Chairman*



**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>**

27 November 2007

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO  
RENEWAL OF STDM TRANSACTIONS AND  
FUEL ARRANGEMENT AND  
REVISION OF 2007 ANNUAL CAP FOR FUEL ARRANGEMENT FEE**

We refer to the circular dated 27 November 2007 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 STDM Transactions and the Fuel Arrangement (with their respective annual caps and the Increased Cap) and to advise the Independent Shareholders thereon. CIMB-GK has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the STDM Transactions and the Fuel Arrangement (with their respective annual caps and the Increased Cap).

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 11 of the Circular which contains details of the STDM Transactions and the Fuel Arrangement (with their respective annual caps and the Increased Cap) and the letter of advice from CIMB-GK as set out on pages 14 to 20 which contains its advice and recommendations in respect of the STDM Transactions and the Fuel Arrangement (with their respective annual caps and the Increased Cap).

Having taken into account the advice and recommendations of CIMB-GK, we consider that the STDM Transactions and the Fuel Arrangement (with their respective annual caps and the Increased Cap) are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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We therefore recommend the Independent Shareholders to vote in favour of the respective ordinary resolutions to be proposed at the EGM to approve the STDM Transactions and the Fuel Arrangement (with their respective annual caps and the Increased Cap).

Yours faithfully,

**The Independent Board Committee**

**Sir Roger Lobo, Mr. Norman Ho, Mr. Charles Ho and Mr. Yeh V-Nee**

*Independent non-executive Directors*

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LETTER FROM CIMB-GK

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**CIMB-GK Securities (HK) Limited**

25/F Central Tower  
28 Queen's Road Central  
Hong Kong

27 November 2007

*To the Independent Board Committee and the  
Independent Shareholders of Shun Tak Holdings Limited*

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO  
RENEWAL OF STD M TRANSACTIONS AND  
FUEL ARRANGEMENT AND  
REVISION OF 2007 ANNUAL CAP FOR FUEL ARRANGEMENT FEE**

**INTRODUCTION**

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the SDTM Transactions and the annual caps; the Fuel Arrangement, the annual caps, and the Increased Cap. Details of the terms of the continuing connected transactions are set out in the letter from the Board contained in the circular of the Company dated 27 November 2007 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and senior management of the Company. The Directors have declared in a responsibility statement set out in the Appendix to the Circular that they jointly and severally accept full responsibility for the accuracy of the information contained and representations made in the Circular. We have also assumed that the information and the Directors' representations contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the despatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained and the Directors' representations made in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, STD M or any of its subsidiaries or associates.

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## LETTER FROM CIMB-GK

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion for the continuing connected transactions, we have considered the following principal factors and reasons:

#### 1) **STDM Transactions**

##### **Background and rationale**

The Company is an investment holding company and its Subsidiaries are engaged in a number of business activities including shipping, hospitality, property development and investment. STCTS, the Group's shipping arm, is a major operator of passenger ferry services between Hong Kong, Macau and Pearl River Delta. STDM is a company incorporated in Macau. It is principally engaged in business for entertainment, leisure, sports, tourism and realty, predominantly in Macau. STDM has been one of the largest sales agents of Ferry Tickets for the STCTS Group in recent years.

We note that the STCTS Group has been conducting the STDM Transactions in its ordinary and usual course of business since 1999. On 12 November 2007, STDM and STCTS entered into the SAA Extension to continue the STDM Agency Agreement for a further period of three years until 31 December 2010.

Riding on the established sales network of STDM, since 3 June 1999, STDM has been appointed 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. The continued appointment of STDM as a sales agent of the Ferry Tickets would broaden the customer base for STCTS Ferry Services and enhance the operation efficiency of STCTS in dispensing with the need for separate ticket outlets at the Terminal.

As noted from the Letter from the Board, the STDM Ticket Purchases have been undertaken by STDM for its own account for hotel and promotional activities and STDM has been the largest customer of the Group in recent years. The granting of the Discount to STDM for its bulk purchases is in accordance with market practice for the purpose of promoting the STCTS Ferry Services. As advised by the Company, STCTS also pays commissions to third party agents and gives discounts to bulk purchase customers.

##### **Views**

Given the above and the fact that i) the nature of the STDM Transactions relates to the Company's principal business and operations; and ii) the STDM Transactions will be based on normal commercial terms or at no less favorable terms than quoted by other independent third parties (as explained below), we consider that the continuation of the STDM Transactions are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM CIMB-GK

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### **Basis of determination**

#### *Sale of Ferry Tickets by STDM as agent of STCTS and payment of STDM Commissions*

Pursuant to the STDM Agency Agreement, 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 Company advised that the STDM Commissions were determined based on arm's length negotiations and in the normal course of business of STCTS.

We note that STDM is the sole agent for the sale of Ferry Tickets at the Terminal, therefore there is no direct market comparison for the STDM Commissions for the sale of Ferry Tickets at the Terminal. As advised by the Company, it is a general practice for STCTS to grant to independent travel agents selling commissions calculated based on the ticket sales by these independent travel agents. Given that, we regard the nature of the STDM Commissions is similar to the commissions granted by STCTS to the independent travel agents. Based on our review of the information provided by the Company on commissions currently paid to other independent travel agents, the rate of commission granted to STDM is not more favourable than the commission rates paid by the STCTS Group to other independent travel agents.

#### *Sales of Ferry Tickets to STDM with Discount granted*

Pursuant to the STDM Agency Agreement, STCTS will grant to STDM the Discount of up to 12% (or lower if mutually agreed) of the price of Ferry Tickets for its own account pursuant to the SAA Extension on STDM Ticket Purchases. The Discount is given in the normal course of business of STCTS and is in accordance with market practice of granting discounts on purchases of tickets to independent bulk purchasers in order to promote the STCTS Ferry Services. No STDM Commissions will be paid to STDM for bulk purchase of Ferry Tickets by STDM for its own account.

As advised by the Company, the discounts granted to bulk purchasers of Ferry Tickets independent of STCTS depend on (i) their years of relationship with STCTS; (ii) the quantity of tickets purchased; and (iii) the stability of their demand. Based on our review of the information provided by the Company on discounts currently granted to other independent bulk purchasers, the Discount granted to STDM is not more favourable than the discount granted to other independent bulk purchasers.

### **Views**

Having considered the above, we consider that the terms of the STDM Agency Agreement to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

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**LETTER FROM CIMB-GK**

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**Annual Caps**

Set out below are the historical amounts of STDM Commissions, STDM Ticket Purchases and Discount to STDM:

	<b>STDM Commissions (for STDM acting as STCTS exclusive agent at the Terminal and non-exclusive agent at directly operated ticketing counters in the rest of Macau for the sale of Ferry Tickets) <i>HK\$ million</i></b>	<b>STDM Ticket Purchases (for purchasing of Ferry Tickets by STDM for its own account for hotel and promotional activities) <i>HK\$ million</i></b>	<b>Discount to STDM (for STDM acting as a bulk purchaser of Ferry Tickets for its own account for hotel and promotional activities) <i>HK\$ million</i></b>
Year ended 31 December 2005	15.4	471.1	23.6
Year ended 31 December 2006	17.5	462.5	23.0
9 months ended 30 September 2007	15.1	320.4	16.0

The following table sets out the respective proposed annual caps for STDM Commissions, STDM Ticket Purchases and Discount to STDM for the three financial years ending 31 December 2008, 2009 and 2010 respectively:

<b>Financial year ending</b>	<b>STDM Commissions (for STDM acting as STCTS exclusive agent at the Terminal and non-exclusive agent at directly operated ticketing counters in the rest of Macau for the sale of Ferry Tickets) <i>HK\$ million</i></b>	<b>STDM Ticket Purchases (for purchasing of Ferry Tickets by STDM for its own account for hotel and promotional activities) <i>HK\$ million</i></b>	<b>Discount to STDM (for STDM acting as a bulk purchaser of Ferry Tickets for its own account for hotel and promotional activities) <i>HK\$ million</i></b>
31 December 2008	26.0	544.5	27.2
31 December 2009	30.3	634.6	31.7
31 December 2010	33.5	701.2	35.1

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## LETTER FROM CIMB-GK

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The proposed annual caps for STDM Commissions, STDM Ticket Purchases and Discount to STDM have been principally determined by the Directors with reference to the following factors:

- i) the historical amount of STDM Commission, STDM Ticket Purchases and Discount for the two years ended 31 December 2005 and 2006 and the first 9 months of 2007; and
- ii) the estimated projection of Ferry Tickets sold by STDM as agent of STCTS, STDM Ticket Purchases and Discount granted thereon taking into account the growth and development of the economy, increasing tourism and the passengers shipping industry of the Pearl River Delta region.

Based on the information published by the Statistic and Census Service of Macau Government, we note that the gross domestic product of Macau increased by approximately 23% year-on-year for 2006 compared to 2005. Furthermore, based on the historical visitor arrivals statistics published by the Statistic and Census Service of Macau Government, the numbers of visitors to Macau increased substantially with an annual growth rate of 12.2% in 2005 and 17.6% in 2006, respectively. For the first 9 months of 2007, the numbers of visitors to Macau increased by 29.6% in comparison to the same period last year. We further noted that more than 8 casinos and resorts, including MGM Grand Macau, City of Dreams, Galaxy World Resort and Macau Studio City are scheduled to open in Macau in the next few years.

### Views

Given the above, in particular the anticipated growth of STDM Commissions, STDM Ticket Purchases and Discount as a result of the projected increase in visitors to Macau, we are of the view that the annual caps for the STDM Transactions to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

### 2) Fuel Arrangement Agreement

#### Background and rationale

STDM is the exclusive operator of the Terminal under an arrangement with the government of Macau. STDM has been supplying Fuel to STCTS under its ordinary and usual course of business for over 10 years. The existing Fuel Arrangement Agreement will expire on 31 December 2007. As for the 9 months up to September 2007, the total Fuel Arrangement Fee paid by STCTS to STDM reached 224 million. In view of the increasing market price of the Fuel and the projection of the usage of Fuel in the fourth quarter of 2007, the Board expects that the previously approved cap of Fuel Arrangement Fee payable by STCTS will not be sufficient for the financial year 2007, and accordingly proposed to revise the cap for Fuel Arrangement Fee for the financial year ending 31 December 2007 from HK\$310 million to HK\$350 million.

On 12 November 2007, STCTS entered into the FAA Extension with STDM to continue the Fuel Arrangement for a further period of three years until 31 December 2010. 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. 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

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## LETTER FROM CIMB-GK

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Terminal. The continuation of the appointment of STDM to supply Fuel to STCTS (under the fuel Arrangement Agreement and the FAA Amendment) would contribute to the operation efficiency of STCTS Group by saving the costs of operating and maintaining its own Fuel supply system at the Terminal, the vessels' on-board fuel load and thus their fuel consumption.

Given the above and the fact that i) the nature of the Fuel Arrangement relates to the Group's principal business and operations; and ii) the Fuel Arrangement contemplated under the Fuel Arrangement Agreement will be based on market and normal commercial terms on an arm's length basis as elaborated below, we consider the Fuel Arrangement is in the interest of the Company and the Shareholders as a whole.

### **Basis of determination**

Pursuant to the Fuel Arrangement Agreement, in consideration for the supply and loading of Fuel onto STCTS Vessels, STCTS will pay STDM the Fuel Arrangement Fee, which is calculated based on the cost charged STDM by the petroleum supplier in Macau plus a specified handling charge by STDM per litre of Fuel, and less the fee charged by STCTS Group to STDM for the related technical assistance provided.

As advised by the Company, STDM is the Fuel supplier to other independent third parties' vessels at the Terminal. Based on our review of the information provided by the Company, we note that the Fuel Arrangement Fee per litre of fuel paid by STCTS Group to STDM is at no less favourable terms than those charged by STDM to other independent third parties for the supply and loading of Fuel.

### **Views**

Having considered the above, we consider that the terms of the Fuel Arrangement Agreement are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

### **The Increased Cap and new annual caps for the Fuel Arrangement Fee**

The historical Fuel Arrangement Fee paid by STCTS to STDM for the two years ended 31 December 2005, and 2006 and for the 9 months ended September 2007 of approximately HK\$189 million, HK\$249 million and HK\$224 million, respectively.

The following table sets out the Increased Cap and new annual caps of the Fuel Arrangement Fee for the three financial years ending 31 December 2010:

	<b>For the year ending 31 December</b>			
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Existing cap	310	—	—	—
Increased Cap	350	—	—	—
New annual caps		518.4	641.3	802.1

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## LETTER FROM CIMB-GK

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We note that the Increased Cap and new annual caps for the Fuel Arrangement Fee have been principally determined by the Directors with reference to the following factors:

- (i) the historical Fuel Arrangement Fee paid by STCTS during the two years ended 31 December 2005 and 2006 and the first 9 months of 2007;
- (ii) the anticipated market trend of Fuel prices;
- (iii) the usage projection by STCTS Vessels taking into account the growth and development of the economy, tourism and demand for passengers shipping services of the Pearl River delta region.

As noted from the West Texas Intermediate Cushing Crushing Crude Oil Spot Price Index (the “WTI”), one of the authoritative benchmark indices in crude oil prices, for the period from January 2007 to October 2007, crude oil price was on an escalating trend since the beginning of the year.

In addition, as already mentioned in the earlier section of this letter, based on the historical visitor arrivals statistics published by the Statistic and Census Service of Macau Government, the numbers of visitors to Macau increased substantially with an annual growth rate of 12.2% in 2005 and 17.6% in 2006, respectively. For the first 9 months of 2007, the numbers of visitors to Macau increased by 29.6% in comparison to the same period last year. We further noted that more than 8 casinos and resorts, including MGM Grand Macau, City of Dreams, Galaxy World Resort and Macau Studio City are scheduled to open in Macau in the next few years.

### Views

Given the above, in particular the expected continued upward market trend of Fuel prices and the growth and development of the Macau economy and the increase in the number of visitors, we are of the view that the Increased Cap and the new annual caps to be fair and reasonable so far as the Company and the Shareholders are concerned.

### RECOMMENDATION

Having considered the principal factors and reasons referred to above, we consider that the SDTM Transactions and the Fuel Arrangement are in the interests of the Company and the Shareholders as a whole, and the terms thereof including the annual caps and the Increased Cap are of normal commercial terms and in the ordinary and usual course of business and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favor of the resolution to approve the SDTM Transactions, the Fuel Arrangement as well as their annual caps and the Increase Cap at the EGM.

Yours faithfully,

For and on behalf of

**CIMB-GK Securities (HK) LIMITED**

**Alex Lau**

*Executive Vice President*

**Flavia Hung**

*Senior Vice President*

**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this circular misleading.

**DISCLOSURE OF INTERESTS****Interests of Directors**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are 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 which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

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

<b>Name of Director</b>	<b>Note</b>	<b>Nature of Interests</b>	<b>Personal Interests</b>	<b>Corporate Interests</b>	<b>Note</b>	<b>Approximate Percentage of issued Shares</b>
Stanley Ho	(i)	Interests in issued shares	250,936,160	39,021,590		12.45%
		Interests in unissued shares	—	148,883,374	(viii)	6.39%
		Interests in underlying shares	1,587,300	—		0.07%
Roger Lobo			—	—		—
Norman Ho			—	—		—
Charles Ho			—	—		—
Yeh V-Nee			—	—		—
Cheng Yu Tung			—	—		—
Louise Mok		Interests in issued shares	323,627	—		0.01%
Pansy Ho	(ii)	Interests in issued shares	15,152,821	191,931,661		8.89%
		Interests in unissued shares	—	148,883,374	(viii)	6.39%
		Interests in underlying shares	30,592,523	—		1.31%
Daisy Ho	(iii)	Interests in issued shares	20,367,028	97,820,707		5.08%
		Interests in unissued shares	—	148,883,374	(viii)	6.39%
		Interests in underlying shares	25,592,523	—		1.10%
Ambrose So	(iv)	Interests in issued shares	8,906,250	—		0.38%
		Interests in underlying shares	20,157,740	—		0.87%
Patrick Huen	(v)	Interests in issued shares	62,500	5,994,849		0.26%
		Interests in underlying shares	10,078,870	—		0.43%
Anthony Chan		Interests in issued shares	12,110,120	—		0.52%
Maisy Ho	(vi)	Interests in issued shares	1,630,435	23,066,918		1.06%
		Interests in underlying shares	20,157,740	—		0.87%
David Shum	(vii)	Interests in underlying shares	5,000,000	—		0.21%

*Notes:*

- (i) The personal interest of Dr. Stanley Ho represents the interest in 250,936,160 Shares and interest in 1,587,300 underlying Shares in respect of the share options granted by the Company, the details of which are stated in section (d) “Share options”. The corporate interest of Dr. Stanley Ho represents the interest in 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 wholly owned by Dr. Stanley Ho.
- (ii) The personal interest of Ms. Pansy Ho represents the interest in 15,152,821 Shares and interest in 30,592,523 underlying Shares in respect of the share options granted by the Company, the details of which are stated in section (d) “Share options”. The corporate interest of Ms. Pansy Ho represents the interest in 97,820,707 Shares held by Beeston Profits Limited (“BPL”) and interest in 94,110,954 Shares held by Classic Time Developments Limited (“CTDL”). BPL and CTDL are wholly owned by Ms. Pansy Ho.
- (iii) The personal interest of Ms. Daisy Ho represents the interest in 20,367,028 Shares and interest in 25,592,523 underlying Shares in respect of the share options granted by the Company, the details of which are stated in section (d) “Share options”. The corporate interest of Ms. Daisy Ho represents the interest in 97,820,707 Shares held by St. Lukes Investments Limited (“LIL”). LIL is wholly owned by Ms. Daisy Ho.
- (iv) The personal interest of Dr. Ambrose So represents the interest in 8,906,250 Shares and interest in 20,157,740 underlying Shares in respect of the share options granted by the Company, the details of which are stated in section (d) “Share options”.
- (v) The personal interest of Mr. Patrick Huen represents the interest in 62,500 Shares and interest in 10,078,870 underlying Shares in respect of the share options granted by the Company, the details of which are stated in section (d) “Share options”. The corporate interest of Mr. Patrick Huen represents the interest in 5,994,849 Shares held by Enhance Gain Investments Limited (“EGIL”). EGIL is wholly owned by Mr. Patrick Huen.
- (vi) The personal interest of Ms. Maisy Ho represents the interest in 1,630,435 Shares and interest in 20,157,740 underlying Shares in respect of the share options granted by the Company, the details of which are stated in section (d) “Share options”. The corporate interest of Ms. Maisy Ho represents the interest in 23,066,918 Shares held by LionKing Offshore Limited (“LOL”). LOL is wholly owned by Ms. Maisy Ho.
- (vii) The personal interest of Mr. David Shum represents the interest in 5,000,000 underlying Shares in respect of the share options granted by the Company, the details of which are stated in section (d) “Share options”.
- (viii) The 148,883,374 unissued shares of Dr. Stanley Ho, Ms. Pansy Ho and Ms. Daisy Ho are the same parcel of shares, and represent shares to be allotted to Alpha Davis Investments Limited (“ADIL”) upon completion of the acquisition as described in the Company’s circular dated 17 December 2004. ADIL is owned as to 47% by Innowell Investments Limited (“IIL”) and 53% by Megaprospers Investments Limited (“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.

**(b) Interest of the Directors in Subsidiaries of the Company**

<b>Name of Director</b>	<b>Name of Subsidiary</b>	<b>Corporate interest</b>	<b>Percentage of interest</b>
Dr. Stanley Ho	Shun Tak Cultural Centre Limited	4 ordinary shares	40.00%

*Note:* Certain nominee shares in Subsidiaries were held by Ms. Pansy Ho and Ms. Daisy Ho in trust for the Company or its Subsidiaries.

**(c) Interest of the Directors in associated corporations of the Company**

Ms. Pansy Ho owns 750 shares (representing 15%) in Shun Tak & CITS Coach (Macao) Limited as corporate interest.

All the interests disclosed in sections (a) to (c) above represent long position in the Shares or underlying shares of the Company or shares of associated corporations (as the case may be).

## (d) Share options

Grantee	Date of grant	Exercise/ Vesting period	Exercise price per Share	Number of share options as at Latest Practicable Date
Stanley Ho	25 May 2004	25 May 2004 to 24 May 2014	HK\$3.15	1,587,300
Pansy Ho	3 January 2000	3 January 2000 to 2 January 2010	HK\$1.15	10,434,783
	25 May 2004	25 May 2004 to 24 May 2014	HK\$3.15	20,157,740
Daisy Ho	3 January 2000	3 January 2000 to 2 January 2010	HK\$1.15	5,434,783
	25 May 2004	25 May 2004 to 24 May 2014	HK\$3.15	20,157,740
Ambrose So	25 May 2004	25 May 2004 to 24 May 2014	HK\$3.15	20,157,740
Patrick Huen	25 May 2004	25 May 2004 to 24 May 2014	HK\$3.15	10,078,870
Maisy Ho	25 May 2004	25 May 2004 to 24 May 2014	HK\$3.15	20,157,740
David Shum	22 September 2004	22 September 2004 to 21 September 2014	HK\$4.20	5,000,000

(i) 5,078,870 share options of Mr. Anthony Chan granted under the 2002 share option scheme were exercised in 2007.

(ii) Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are 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 are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

**Interests of substantial Shareholders****(a) Interests in the Shares**

As at the Latest Practicable Date, so far as is 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 or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name of substantial Shareholders</b>	<i>Note</i>	<b>Number of ordinary Shares</b>	<b>% of issued share capital</b>
Shun Tak Shipping Company, Limited (“STS”) and its subsidiaries	(i)	308,057,215	13.23%
STDM and its subsidiary	(ii)	263,667,107	11.32%
Alpha Davis Investments Limited (“ADIL”)	(iii)	148,883,374	6.39%
Innowell Investments Limited (“IIL”)	(iii)	148,883,374	6.39%
Megaprosper Investments Limited (“MIL”)	(iii)	148,883,374	6.39%
Julius Baer Investment Management LLC		199,071,575	8.55%
State Street Corporation		131,095,263	5.63%

*Notes:*

- (i) 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. Mok Ho Yuen Wing, Louise has beneficial interests in STS.
- (ii) Dr. Stanley Ho, Dato’ Dr. Cheng Yu Tung, Mrs. Mok Ho Yuen Wing, Louise, Ms. Pansy Ho and Mr. David Shum have beneficial interests in STDM. Dr. Stanley Ho, Dato’ Dr. Cheng Yu Tung (appointed representative of a corporate director), Mrs. Mok Ho Yuen Wing, Louise, Ms. Pansy Ho and Mr. David Shum are directors of STDM.
- (iii) ADIL is entitled to interests in 148,883,374 unissued shares of the Company 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) All the interests disclosed above represent long position in the Shares of the Company.

**(b) Interests in other members of the Group**

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons (not being a Director or chief executive of the Company) directly or indirectly had an interest in 10% or more of the nominal value of a class of share capital (including any options in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the Group:

<b>Name of substantial Shareholders</b>	<b>Name of subsidiary of the Company</b>	<b>Number of ordinary shares</b>	<b>% of issued share capital</b>
STDM	Interdragon Limited	4,000	40.00%
STDM	Shun Tak, Serviços Recreativos, S.A.	2,000	20.00%

Save as disclosed above, the Directors and chief executive of the Company are not aware of any person who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who, as at the Latest Practicable Date, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (or had any option in respect of such capital).

**NO MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial and trading position of the Group since 31 December 2006 (the date to which the latest published audited consolidated accounts of the Group were made).

**DIRECTORS' INTEREST IN COMPETING BUSINESS**

The following Directors are 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, development and/or hospitality. Mrs. Louise Mok Ho Yuen Wing, Ms. Pansy Ho and Mr. David Shum are directors of STDM. Dr. Ambrose So is a director of Sociedade de Jogos de Macau, S.A., which is also engaged in the business of hospitality.

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

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 a beneficial interest in, MGM Grand Paradise (HK) Limited, which is also engaged in the business of hospitality. Ms. Daisy Ho is a director of that company.

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 such businesses independently of, and at arm's length from, the businesses of these entities.

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.

#### **DIRECTORS' INTEREST IN CONTRACTS AND ARRANGEMENTS**

As at the Latest Practicable Date, save for the STDM Transactions and the Fuel Arrangement as detailed in this circular, there was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, save for (i) the proposed acquisition of the entire issued share capital of Fast Shift Investments Limited and the related shareholder's loan pursuant to a conditional agreement dated 26 June 2007 (the "STDM Agreement") entered into between Ace Wonder Limited (a subsidiary of the Company) as the purchaser and Rapid Success Investments Limited (a subsidiary of STDM) as the seller (the details of which were disclosed in the circular of the Company dated 6 August 2007); and (ii) the renting of and the proposed renting of certain premises in Shun Tak Centre pursuant to two master leasing agreements dated 14 November 2007 (the "Master Leasing Agreements") entered into between the Company (as tenant) and Shun Tak Centre Limited and Shun Tak Shipping Company, Limited (as landlords) respectively, none of the Directors has any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2006, the date to which the latest audited consolidated financial statements of the Company were made up.

#### **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).

**EXPERT AND CONSENT**

The following are the qualifications of the expert who has given advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
CIMB-GK	Licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

CIMB-GK has given and not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name included herein in the form and context in which it is included.

CIMB-GK has confirmed that they are not interested in any securities of the Company or any of its subsidiaries or associated corporations of the Company or any right (whether legally enforceable or not) or option to subscribe for or nominate persons to subscribe for any securities of the Company or any of its subsidiaries or associated corporations of the Company.

CIMB-GK has confirmed that they do not have any direct or indirect interest in any assets which have been, since 31 December 2006 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at Penthouse, 39/F, 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 (and any adjournment thereof):

- (a) the memorandum and articles of association of the Company;
- (b) the letter from the Independent Board Committee dated 27 November 2007, the text of which is set out in the “Letter from the Independent Board Committee” in this circular;
- (c) the letter from CIMB-GK dated 27 November 2007, the text of which is set out in the “Letter from CIMB-GK” in this circular;
- (d) the annual reports of the Group for each of the two years ended 31 December 2006;
- (e) the written consent referred to in the paragraph headed “Expert and consent” of this Appendix;

- (f) the STDM Agency Agreement and the SAA Extension;
- (g) the Fuel Arrangement Agreement and the FAA Extention; and
- (h) the STDM Agreement and the Master Leasing Agreements as mentioned in the paragraph headed “Directors’ interests in contracts and arrangements” in this appendix of this circular.

**MISCELLANEOUS**

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.

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## NOTICE OF EGM

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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>

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“Meeting”) of Shun Tak Holdings Limited (the “Company”) will be held at Golden Restaurant, Macau Jockey Club (HK) Club House, 1st Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on 12 December 2007 at 12:10 p.m. (or so soon thereafter as the other extraordinary general meeting of the Company convened at 12:00 noon on the same day and place shall have concluded or adjourned) for the purpose of considering and if thought fit, passing the following resolutions as ordinary resolutions:

#### ORDINARY RESOLUTIONS

**1. “THAT:**

- (a) the STDM Transactions (including without limitation the Commission, the STDM Ticket Purchases and the Discount) pursuant to the terms and conditions of the STDM Agency Agreement as amended by the SAA Extension, as all are defined and described in the circular dated 27 November 2007 and despatched to shareholders of the Company of which this notice forms part (the “Circular”), together with the annual caps as set out in paragraphs (b), (c) and (d) below, be and are hereby approved and the Directors (or a duly authorised committee thereof) 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 STDM Transactions as they 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 2008, 2009 and 2010 shall not exceed HK\$26 million, HK\$30.3 million and HK\$33.5 million respectively;
- (c) the STDM Ticket Purchases during the three financial years ending 31 December 2008, 2009 and 2010 shall not exceed HK\$544.5 million, HK\$634.6 million and HK\$701.2 million respectively;
- (d) the Discount granted by STCTS to STDM during the three financial years ending 31 December 2008, 2009 and 2010 shall not exceed HK\$27.2 million, HK\$31.7 million and HK\$35.1 million respectively.”

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## NOTICE OF EGM

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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, as all are defined and described in the Circular, together with the Increased Cap and the annual caps as set out in paragraphs (b) and (c) below, be and are hereby approved and the Directors (or a duly authorized committee thereof) 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;
- (b) the annual cap of Fuel Arrangement Fee payable by STCTS to STDM during the financial year ending 31 December 2007 shall be increased to HK\$350 million;
- (c) the Fuel Arrangement Fee payable by STCTS to STDM during the three financial years ending 31 December 2008, 2009 and 2010 shall not exceed HK\$518.4 million, HK\$641.3 million and HK\$802.1 million respectively.”

By Order of the Board  
**Ms. Angela Tsang**  
*Company Secretary*

Hong Kong, 27 November 2007

*Registered office:*

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

*Notes:*

- 1. A member of the Company entitled to attend, and vote at, the meeting convened by the notice is entitled to appoint one or two proxies to attend and on a poll vote in his stead. A proxy need not be a member of the Company.
- 2. In order to be valid, a form of proxy must be deposited at the Company's registered office together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- 3. Completion and return of the form of proxy will not preclude a member from attending and voting at the above meeting or any adjournment thereof if he so wishes. In that event, his form of proxy will be deemed to have been revoked.
- 4. 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 the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
- 5. **In case of any conflict between any translation and the English text hereof, the English text will prevail.**