THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, 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, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Shun Tak Holdings Limited.

信德集團
SHUN TAK HOLDINGS

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

MAJOR AND CONNECTED TRANSACTION IN RELATION TO A CROSS BOUNDARY TRANSPORTATION JOINT VENTURE COMPANY

Financial Advisor to the Company

BOCI ASIA LIMITED

Capitalised terms used on this cover page have the same meaning as defined in the section headed "Definitions" in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 4 to 20 of this circular.

The Proposed Restructuring has been approved by Written Approval from a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company, pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information purposes only.

26 March 2020

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

"Agreements"	the Target SPA, the CTTT SPA and the Jointmight SPA
"Announcement"	the announcement of the Company dated 6 March 2020 in relation to, among others, the Proposed Restructuring
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Company"	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 242)
"Completion Date"	the fifth business day after the date on which all the conditions precedent to the Proposed Restructuring are satisfied or waived (as the case may be), or such other date as the relevant parties may agree
"CTII"	China Travel International Investment Hong Kong Limited (香港中旅國際投資有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 308)
"CTII Board"	the board of directors of CTII
"CTII Shareholder(s)"	holder(s) of share(s) in CTII
"CTTT"	China Travel Tours Transportation Development (HK) Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of CTII as at the Latest Practicable Date
"CTTT Acquisition"	the proposed acquisition of the CTTT Sale Share and the CTTT Shareholder's Loan by the Target Company from CTII pursuant to the CTTT SPA
"CTTT Acquisition Completion"	completion of the CTTT Acquisition in accordance with the terms and conditions of the CTTT SPA
"CTTT Sale Share"	one ordinary share of CTTT, representing the entire issued share capital of CTTT
"CTTT Shareholder's Loan"	the shareholder's loan due and owing to CTII by CTTT in the sum of HK$159,988,500
"CTTT SPA"	the sale and purchase agreement dated 6 March 2020 entered into between CTII and the Target Company in relation to the CTTT Acquisition

"Dalmore"	Dalmore Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of CTII
"Director(s)"	the director(s), including independent non-executive director(s), of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Interdragon"	Interdragon Limited, a company incorporated in the BVI with limited liability and is owned as to 60% by the Company
"Jointmight Disposal"	the proposed transaction of the Jointmight Sale Share pursuant to the Jointmight SPA, which involves disposal by STTI and acquisition by the Target Company
"Jointmight Disposal Completion"	completion of the Jointmight Disposal in accordance with the terms and conditions of the Jointmight SPA
"Jointmight Investments"	Jointmight Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
"Jointmight Sale Share"	one ordinary share of Jointmight Investments, representing the entire issued share capital of Jointmight Investments
"Jointmight SPA"	the sale and purchase agreement dated 6 March 2020 entered into between STTI and the Target Company in relation to the Jointmight Disposal
"Latest Practicable Date"	24 March 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information 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
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
"Proposed Restructuring"	collectively, the Target Disposal, the CTTT Acquisition and the Jointmight Disposal
"Reference Period"	the 4-month period from 1 October 2019 to 31 January 2020
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time

"Share(s)"	ordinary share(s) of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"STTI"	Shun Tak Tourism Investment Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"Target Company"	Shun Tak — China Travel Shipping Investments Limited, a company incorporated in the BVI with limited liability which is held as to 71% and 29% by Interdragon and Dalmore, respectively, as at the Latest Practicable Date
"Target Disposal"	the proposed disposal of the Target Sale Shares by Interdragon to Dalmore pursuant to the Target SPA
"Target Disposal Completion"	completion of the Target Disposal in accordance with the terms and conditions of the Target SPA
"Target Sale Shares"	2,100 ordinary shares of the Target Company, representing 21% of the issued share capital of the Target Company
"Target SPA"	the sale and purchase agreement dated 6 March 2020 entered into between Interdragon and Dalmore in relation to the Target Disposal
"Written Approval"	the written shareholders' approval obtained by the Company in relation to the Proposed Restructuring pursuant to Rule 14.44 of the Listing Rules
"%"	percent

In this circular, unless the context otherwise requires, the terms "close associate(s)", "associate(s)", "connected person(s)", "connected transaction(s)", "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments.

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SHUN TAK HOLDINGS

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信德集團有限公司
(Incorporated in Hong Kong with limited liability)
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Website: http://www.shuntakgroup.com

Directors:
Ms. Pansy Ho *(Group Executive Chairman and Managing Director)*
Mr. Norman Ho*
Mr. Charles Ho*
Mr. Michael Wu*
Mr. Kevin Yip*
Ms. Daisy Ho *(Deputy Managing Director)*
Ms. Maisy Ho
Mr. David Shum
Mr. Rogier Verhoeven

* *Independent Non-Executive Director*

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

26 March 2020

To the Shareholders,

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO A CROSS BOUNDARY TRANSPORTATION JOINT VENTURE COMPANY

A. INTRODUCTION

Reference is made to the Announcement in relation to, among others, the Proposed Restructuring. On 6 March 2020 (after trading hours), the Company and CTII (through their respective subsidiaries) entered into the Agreements to implement the Proposed Restructuring for transforming the Target Company into a new transportation platform for the provision of cross boundary transportation services in the Greater Pearl River Delta Region (including the Greater Bay Area) by combining the respective existing ferry and coach businesses of the Company and CTII. Upon completion of the Proposed Restructuring, the Target Company will be held as to 50% by Interdragon (a non-wholly owned subsidiary of the Company) and 50% by Dalmore (a wholly-owned subsidiary of CTII), and CTTT and Jointmight Investments will be wholly-owned by the Target Company.

The purpose of this circular is to provide you with, among other things, further information in relation to the Proposed Restructuring and such other information as required under the Listing Rules.

B. PROPOSED RESTRUCTURING

The Proposed Restructuring comprises (i) the Target Disposal, (ii) the CTTT Acquisition and (iii) the Jointmight Disposal, which completions are expected to take place simultaneously and the details of which are set out as follows:

B1. TARGET DISPOSAL

Target SPA

The principal terms of the Target SPA are set out below:

Date: 6 March 2020

Parties: (1) Interdragon (a non wholly-owned subsidiary of the Company) as seller; and

(2) Dalmore (a wholly-owned subsidiary of CTII) as buyer

Subject matter

Interdragon conditionally agreed to sell, and Dalmore conditionally agreed to acquire, the Target Sale Shares in accordance with the terms and subject to the conditions of the Target SPA. The Target Sale Shares represent 21% of the issued share capital of the Target Company held by Interdragon as at the Latest Practicable Date.

As at the Latest Practicable Date, the Target Company is owned as to 71% and 29% by Interdragon and Dalmore, respectively, and therefore the Target Company is an indirect non-wholly owned subsidiary of the Company. As such, Dalmore is a substantial shareholder of the Target Company and a connected person of the Company at the subsidiary level. Upon completion of the Proposed Restructuring, the Target Company will be owned as to 50% by each of Interdragon and Dalmore, respectively, and therefore the Target Company will cease to be a subsidiary of the Company.

Consideration

The consideration payable by Dalmore for the Target Sale Shares at the Target Disposal Completion in cash is HK$437 million, subject to a "dollar-for-dollar" adjustment based on the 21% of the unaudited consolidated net profit or net loss incurred by the Target Company for the Reference Period. Dalmore shall pay to Interdragon (in the case that a net profit is recorded by the Target Company) an amount equal to 21% of such net profit up to HK$1 million in cash at the Target Disposal Completion, or Interdragon shall pay to Dalmore (in the case that a net loss is incurred by the Target Company) an amount equal to 21% of such net loss at the Target Disposal Completion. As at the Latest Practicable Date, it is expected that the adjusted consideration for the Target Disposal would be approximately HK$421.8 million.

The consideration was determined after arm's length negotiation and on normal commercial terms among the parties taking into account, among others,

(a) the valuation of the Target Sale Shares prepared by an independent professional valuer as at 30 September 2019, being approximately HK$466 million. In arriving at the valuation, the independent valuer has adopted the asset approach by considering the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, taking into account accrued depreciation as condition or obsolescence present, whether arising from physical, functional or economic causes. The valuation has assumed that there will be no material adverse change in the political, legal, fiscal or economic condition in the regions in which the properties are located; and there is no encumbrance, pledge, guarantee, that has not been reflected on the balance sheets of the Target Company;

(b) the historical financial performance of the Target Company and its subsidiaries, including the consolidated net asset value as at 30 September 2019 and consolidated net profit and loss for the two years ended 31 December 2018 and the nine months ended 30 September 2019 of the Target Company, please refer to the section headed "C. Information on the Target Company, CTTT and Jointmight Investments – Information on the Target Company" for details;

(c) the financial performance of the Target Company and its subsidiaries during the Reference Period;

(d) the business nature, future business prospect, which includes the Target Company's current market position as a key transportation player and major operator of passenger ferry services in the Greater Pearl River Delta region and its multi-modal transportation platform and unique position in the market and economic outlook in general and the specific economic environment where the operation of the Target Company is located. It is expected that upon completion of the Proposed Restructuring, the Target Company, together with CTTT and Jointmight Investments, can directly benefit from the growing opportunities brought by economic integration and social interaction within the Greater Bay Area; and

(e) the reasons for the Proposed Restructuring as described under the section headed "D. Reasons for and Benefits of the Proposed Restructuring".

Conditions precedent

The Target Disposal Completion is conditional on the satisfaction or waiver (as the case may be) of the following conditions, among others, on or before the earlier of 31 December 2020 or the expiry of nine months from (and including) the date of the Target SPA, or such other date as the parties to the Target SPA may agree in writing:

(a) approval for the Proposed Restructuring and relevant transaction documents having been obtained from the Board and the Shareholders (where applicable) in accordance with the Listing Rules and all applicable laws;

(b) approval for the Target SPA, the Jointmight SPA, the CTTT SPA, the Target Disposal, the Jointmight Disposal and the CTTT Acquisition having been obtained from the CTII Board and CTII Shareholders (where applicable) in accordance with the Listing Rules and all applicable laws;

(c) all of the conditions precedent to the CTTT SPA having been satisfied or waived in accordance with the terms of the CTTT SPA (except for the condition requiring the Target SPA to become unconditional);

(d) all of the conditions precedent to Jointmight SPA having been satisfied or waived in accordance with the terms of the Jointmight SPA (except for the condition requiring the Target SPA to become unconditional);

(e) the Target Company and each of its subsidiaries having obtained all necessary consents (as defined in the Target SPA) which are required for the execution and performance of the Target SPA and the transactions contemplated thereunder and such consents not being revoked, withdrawn or modified prior to the Target Disposal Completion;

(f) Interdragon having obtained all necessary consents (as defined in the Target SPA) which are required for the execution and performance of the Target SPA and the transactions contemplated thereunder and such consents not being revoked, withdrawn or modified prior to the Target Disposal Completion;

(g) Dalmore having obtained all necessary consents (as defined in the Target SPA) which are required for the execution and performance of the Target SPA and the transactions contemplated thereunder and such consents not being revoked, withdrawn or modified prior to the Target Disposal Completion;

(h) Interdragon's warranties remaining true and accurate and not misleading in all material respects as at the Target Disposal Completion by reference to the facts and circumstances then existing; and

(i) Dalmore's warranties remaining true and accurate and not misleading in all material respects as at the Target Disposal Completion by reference to the facts and circumstances then existing.

As at the Latest Practicable Date, none of the conditions precedent of the Target SPA has been fulfilled or waived apart from the approvals described in paragraphs (a) and (b).

B2. CTTT ACQUISITION

CTTT SPA

The principal terms of the CTTT SPA are set out below:

Date: 6 March 2020

Parties: (1) the Target Company, as buyer; and

(2) CTII, as seller

Subject matter

The Target Company conditionally agreed to acquire, and CTII conditionally agreed to sell, the CTTT Sale Share (representing the entire issued share capital of CTTT) and the CTTT Shareholder's Loan in accordance with the terms and subject to the conditions of the CTTT SPA.

As at the Latest Practicable Date, CTII, through Dalmore, holds as to 29% interest in the Target Company, and therefore is a substantial shareholder of the Target Company and a connected person of the Company at the subsidiary level. As at the Latest Practicable Date, CTTT is a direct wholly-owned subsidiary of CTII. Upon completion of the Proposed Restructuring, CTTT will be wholly-owned by the Target Company.

Consideration

The consideration payable by the Target Company for the CTTT Sale Share and the CTTT Shareholder's Loan at the CTTT Acquisition Completion in cash is HK$508 million, subject to a "dollar-for-dollar" adjustment based on the total unaudited consolidated net profit or net loss incurred by CTTT for the Reference Period. The Target Company shall pay to CTII (in the case that a net profit is recorded by CTTT) an amount equal to such net profit up to HK$1 million in cash at the CTTT Acquisition Completion, or CTII shall pay to the Target Company (in the case that a net loss is incurred by CTTT) an amount equal to such net loss at the CTTT Acquisition Completion. As at the Latest Practicable Date, it is expected that the adjusted consideration for the CTTT Acquisition would be approximately HK$495.7 million.

The consideration was determined after arm's length negotiation and on normal commercial terms among the parties taking into account, among others,

(a) the valuation of the CTTT Sale Share (after taking into account the CTTT Shareholder's Loan) prepared by an independent professional valuer as at 30 September 2019, being approximately HK$523 million. In arriving at the valuation, the independent valuer has adopted the market approach by applying enterprise value ("**EV**") to earnings before interest, taxes, depreciation and amortization ("**EBITDA**") multiple ("**EV/EBITDA**") approach which the independent valuer believed was appropriate for the purpose of the assessing the fair value of CTTT as it provides direct reference on the fair value from a group of comparable companies in the market. The major assumptions of such valuation includes: (i) there will be no material adverse change in the political, legal, fiscal or economic condition in the PRC; (ii) key management, competent personnel and technical staff to support CTTT and its subsidiaries' (the "**CTTT Group**") ongoing operation will be maintained; (iii) market trend and conditions for the companies in related areas will not deviate significantly from the economic forecasts in general; (iv) consumer behaviour will have no significant change throughout the valuation period; (v) there will be no significant deviation from the current general management of the current practice including but not limited to accounting policy and dividend policy, adopted by the CTTT Group;

(b) the historical financial performance of CTTT and its subsidiaries, including the consolidated net asset value as at 30 September 2019 and consolidated net profit and loss for the two years ended 31 December 2018 and the nine months ended 30 September 2019 of CTTT, please refer to the section headed "C. Information on the Target Company, CTTT and Jointmight Investments – Information on CTTT" for details;

(c) the financial performance of CTTT and its subsidiaries during the Reference Period;

(d) the business nature, future business prospect, which includes CTTT's current market position as a key transportation player in the Greater Pearl River Delta region engaging in the operation of cross border land transportation services and other ancillary businesses and economic outlook in general and the specific economic environment where the operation of CTTT is located. It is expected that upon completion of the Proposed Restructuring, the Target Company, together with CTTT and Jointmight Investments, can directly benefit from the growing opportunities brought by economic integration and social interaction within the Greater Bay Area; and

(e) the reasons for the Proposed Restructuring as described under the section headed "D. Reasons for and Benefits of the Proposed Restructuring".

The Target Company expects to finance the CTTT Acquisition out of its internal resources.

Conditions precedent

The CTTT Acquisition Completion is conditional on the satisfaction or waiver (as the case may be) of the following conditions on or before the earlier of 31 December 2020 or the expiry of nine months from (and including) the date of the CTTT SPA, or such other date as the parties to the CTTT SPA may agree in writing:

(a) approval for the Proposed Restructuring and relevant transaction documents having been obtained from the Board and the Shareholders (where applicable) in accordance with the Listing Rules and all applicable laws;

(b) approval for the CTTT SPA, the CTTT Acquisition and transactions contemplated thereunder having been obtained from the CTII Board and CTII Shareholders (if necessary under or required by the Listing Rules);

(c) all of the conditions precedent to the Target SPA having been satisfied or waived in accordance with the terms of the Target SPA (except for the condition requiring CTTT SPA to become unconditional);

(d) all of the conditions precedent to Jointmight SPA having been satisfied or waived in accordance with the terms of the Jointmight SPA (except for the condition requiring the CTTT SPA to become unconditional);

(e) CTII having obtained all necessary consents (as defined in the CTTT SPA) which are required for the execution and performance of the CTTT SPA and the transactions contemplated thereunder and such consents not being revoked, withdrawn or modified prior to the CTTT Acquisition Completion;

(f) the Target Company having obtained all necessary consents (as defined in the CTTT SPA) which are required for the execution and performance of the CTTT SPA and the transactions contemplated thereunder and such consents not being revoked, withdrawn or modified prior to the CTTT Acquisition Completion;

(g) there is no breach of any CTII's warranties on or prior to CTTT Acquisition Completion; and

(h) there is no breach of any Target Company's warranties on or prior to CTTT Acquisition Completion.

As at the Latest Practicable Date, none of the conditions precedent of the CTTT SPA has been fulfilled or waived apart from the approvals described in paragraphs (a) and (b).

B3. JOINTMIGHT DISPOSAL

Jointmight SPA

The principal terms of the Jointmight SPA are set out below:

Date: 6 March 2020

Parties: (1) the Target Company, as buyer; and

(2) STTI, a wholly-owned subsidiary of the Company, as seller

Subject matter

The Target Company conditionally agreed to acquire, and STTI conditionally agreed to sell, the Jointmight Sale Share (representing the entire issued share capital of Jointmight Investments) in accordance with the terms and subject to the conditions of the Jointmight SPA. As at the Latest Practicable Date, Jointmight Investments is wholly-owned by STTI and therefore Jointmight Investments is an indirect wholly-owned subsidiary of the Company. Upon completion of the Proposed Restructuring, Jointmight Investments will be wholly-owned by the Target Company and since the Target Company will cease to be a subsidiary of the Company, Jointmight Investments will also cease to be a subsidiary of the Company accordingly.

Consideration

The consideration payable by the Target Company for the Jointmight Sale Share at the Jointmight Disposal Completion in cash is HK$55 million, subject to a "dollar-for-dollar" adjustment based on the total unaudited net profit or net loss incurred by Jointmight Investments for the Reference Period. The Target Company shall pay to STTI (in the case that a net profit is recorded by Jointmight Investments) an amount equal to such net profit up to HK$1 million in cash at the Jointmight Disposal Completion, or STTI shall pay to the Target Company (in the case that a net loss is incurred by Jointmight Investments) an amount equal to such net loss at the Jointmight Disposal Completion. As at the Latest Practicable Date, it is expected that the adjusted consideration for the Jointmight Disposal would be approximately HK$55.4 million.

The consideration was determined after arm's length negotiation and on normal commercial terms among the parties taking into account, among others,

(a) the valuation of the Jointmight Sale Share prepared by an independent professional valuer as at 30 September 2019, being approximately HK$63 million. In arriving at the valuation, the independent valuer has adopted the market approach by applying EV to EBITDA multiple ("**EV/EBITDA**") approach which the independent valuer was appropriate for the purpose of the assessing the fair value of Jointmight Investments as it provides direct reference on the fair value from a group of comparable companies in the market. The major assumptions of such valuation includes: (i) there will be no material adverse change in the political, legal, fiscal or economic condition in the PRC; (ii) key management, competent personnel and technical staff to support Jointmight Investments and its invested companies (the "**Jointmight Group**") ongoing operation will be maintained; (iii) market trend and conditions for the companies in related areas will not deviate significantly from the economic forecasts in general; (iv) consumer behaviour will have no significant change throughout the valuation period; (v) there will be no significant deviation from the current general management of the current practice including but not limited to accounting policy and dividend policy, adopted by the Jointmight Group;

(b) the historical financial performance of Jointmight Investments including the net asset value as at 30 September 2019 and net profit and loss for the two years ended 31 December 2018 and the nine months ended 30 September 2019 of Jointmight Investments, please refer to the section headed "C. Information on the Target Company, CTTT and Jointmight Investments — Information on Jointmight Investments" for details;

(c) the financial performance of Jointmight Investments during the Reference Period;

(d) the business nature, future business prospect, which includes Jointmight Investments' current market position in the provision of cross border coach bus services and travel agency service in Macau and economic outlook in general and the specific economic environment where the operation of Jointmight Investments is located. It is expected that upon completion of the Proposed Restructuring, the Target Company, together with Jointmight Investments and CTTT, can directly benefit from the growing opportunities brought by economic integration and social interaction within the Greater Bay Area; and

(e) the reasons for the Proposed Restructuring as described under the section headed "D. Reasons for and Benefits of the Proposed Restructuring"

The Target Company expects to finance the Jointmight Disposal out of its internal resources.

Conditions precedent

The Jointmight Disposal Completion is conditional on the satisfaction or waiver (as the case may be) of the following conditions on or before the earlier of 31 December 2020 or the expiry of nine months from (and including) the date of the Jointmight SPA, or such other date as the parties to the Jointmight SPA may agree in writing:

(a) approval for the Proposed Restructuring and the relevant documents having been obtained from the Board and the Shareholders (where applicable) in accordance with the Listing Rules and all applicable laws;

(b) all of the conditions precedent to the Target SPA having been satisfied or waived in accordance with the terms of the Target SPA (except for the condition requiring the Jointmight SPA to become unconditional);

(c) all of the conditions precedent to the CTTT SPA having been satisfied or waived in accordance with the terms of the CTTT SPA (except for the condition requiring the Jointmight SPA to become unconditional);

(d) STTI having obtained all necessary consents (as defined in the Jointmight SPA), which are required for its execution and performance of the Jointmight SPA and the transactions contemplated thereunder and such consents not being revoked, withdrawn or modified prior to the Jointmight Disposal Completion;

(e) the Target Company having obtained all necessary consents (as defined in the Jointmight SPA), which are required for its execution and performance of the Jointmight SPA and the transactions contemplated thereunder and such consents not being revoked, withdrawn or modified prior to the Jointmight Disposal Completion;

(f) there being no breach of any STTI's warranties on or prior to the Jointmight Disposal Completion; and

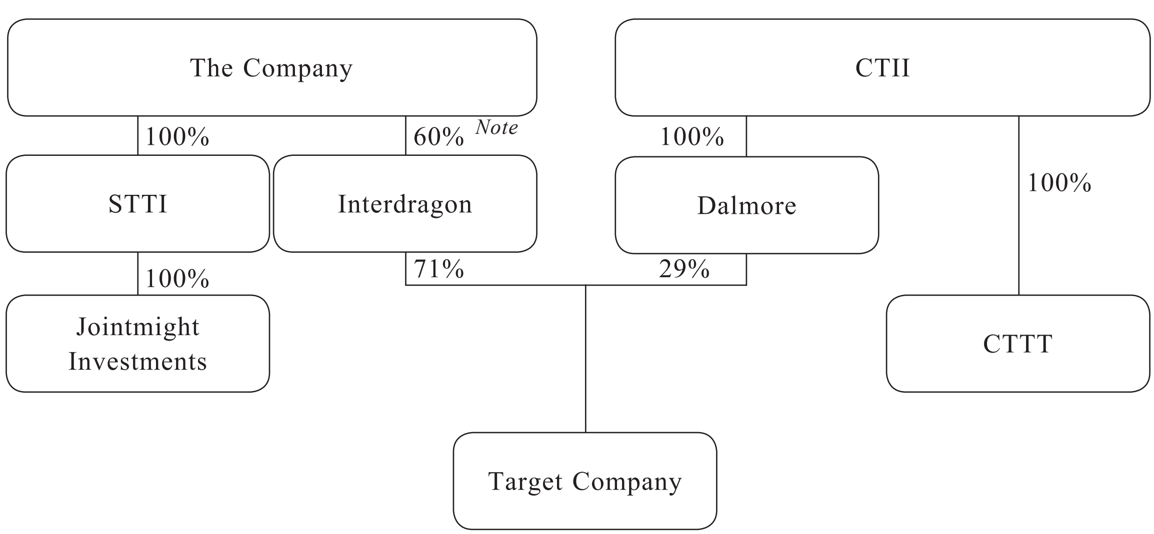
(g) there being no breach of any Target Company's warranties on or prior to Jointmight Disposal Completion.

As at the Latest Practicable Date, none of the conditions precedent of the Jointmight SPA has been fulfilled or waived apart from the approvals described in paragraphs (a).

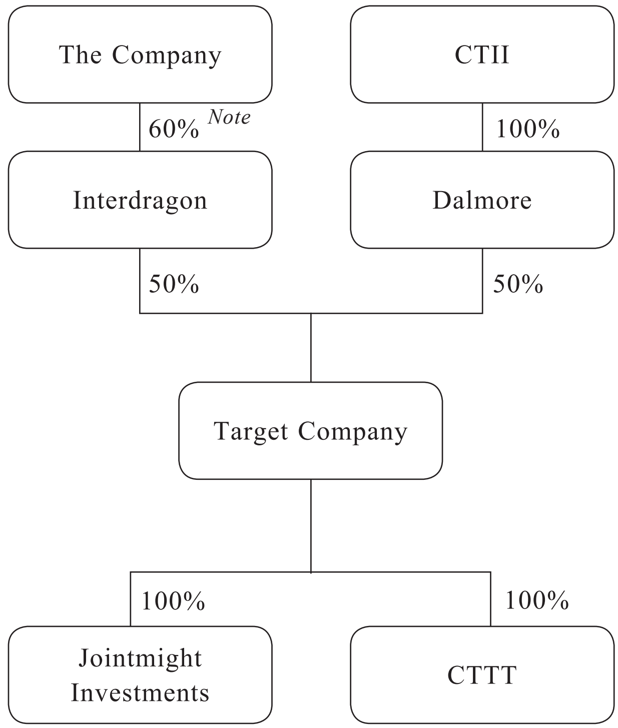
B4. COMPLETION OF THE PROPOSED RESTRUCTURING

As the Target SPA, the CTTT SPA and the Jointmight SPA are inter-conditional, the Target Disposal Completion, the CTTT Acquisition Completion and the Jointmight Disposal Completion are expected to take place simultaneously on the Completion Date, unless otherwise agreed by the parties.

Below set out the shareholding structure chart prior to the completion of the Proposed Restructuring:



Below set out the shareholding structure chart immediately upon the completion of the Proposed Restructuring:



Note: Interdragon is indirectly owned as to 60% by the Company.

Shareholders' Agreement

It is expected that a shareholders' agreement will be entered into on the Completion Date among the shareholders of the Target Company, the Target Company, the Company and CTII to govern in relation to, among other matters, the affairs, business and management of the Target Company (and its subsidiaries and associated companies), the relationship, the rights and obligations among the shareholders of the Target Company.

The principal terms of the shareholders' agreement (the "**Shareholders Agreement**") are set out as follows:

Board composition

The board of the Target Company shall consist of six directors. Each of Interdragon and Dalmore shall have the right to nominate three directors for election at the shareholders' meeting of the Target Company.

A quorum for a meeting of the board of the Target Company shall comprise two directors, including one director appointed by each shareholder of the Target Company.

Funding of the Target Company

The funding of the Target Company and its subsidiaries (the "**Target Group**") shall rely on the ongoing cashflow from operations and bank borrowings of the Target Group.

Pursuant to the Shareholders Agreement, in the event that the Target Group was unable to obtain external financing without any support from the shareholders of the Target Company, the shareholders of the Target Company shall at its own discretion to decide whether or not, to provide shareholder loan or to guarantee or provide any other support to the Target Company with respect to their respective shareholding.

Shareholders Reserved Matters

The following are matters requires the unanimous consents of shareholders of the Target Company, including but not limited to, (a) amendment to the memorandum and articles of association; (b) the issue of shares or share options of any members of the Target Group; (c) the redemption or purchase of any shares of the Target Company; (d) borrowing of any money from any of the shareholders of the Target Company; (e) giving of any guarantee, indemnity or security for the benefit of any person by the Target Company; (f) the changing of the name or brand name or trademark of the Target Company; and (g) increase or reduction in the maximum number of directors of the Target Company.

Transfer Restrictions

Pursuant to the relevant terms in the Shareholders Agreement, unless agreed otherwise, during the continuance of the Shareholders Agreement, the shareholders of the Target Company may not dispose of or create any encumbrance over any of the shares in the Target Company. Each shareholder of the Target Company shall be subject to customary transfer restrictions provided under the Shareholders Agreement (including pre-emptive Right) in a proposed sale of its shares held in the Target Company.

Distribution of profits

The profits of the Target Company shall be distributed to their respective shareholders in proportion to their shareholding interest in the Target Company, subject to the cash flow requirement or any repayment of shareholder loans of the Target Company.

The management agreement

Further, it is agreed that a management agreement will be entered into on the Completion Date between the Target Company and each of a subsidiary of the Company and CTII whereby the subsidiary of the Company and that of CTII will be engaged to manage the operation of the ferry business and the coach business of the Target Company respectively. The terms of the management agreements shall be effective for a period of five (5) years from the Completion Date, unless terminated earlier in accordance with the terms of the respective management agreement.

The management services to be provided by each of the managers include supervising and managing the day-to-day business operations of the Target Company. A management fee will be payable to each manager under their respective management agreements in consideration of the management services.

C. INFORMATION ON THE TARGET COMPANY, CTTT AND JOINTMIGHT INVESTMENTS

Information on the Target Company

The Target Company is a company incorporated in the BVI with limited liability and, together with its subsidiaries, is a major operator of high-speed passenger ferry services between Hong Kong, Macau and other destinations in the Greater Pearl River Delta Region immediately prior to the completion of the Proposed Restructuring.

According to the unaudited financial information of the Target Company, the consolidated net asset value of the Target Company as at 30 September 2019 was HK$1,762.33 million. The audited/unaudited consolidated net profits and losses (before and after taxation) of the Target Company for the two years ended 31 December 2018 and the nine months ended 30 September 2019 are set out below:

	For the nine months ended 30 September 2019 (unaudited) *HK$' million*	**For the year ended 31 December 2018** (audited) *HK$' million*	**For the year ended 31 December 2017** (audited) *HK$' million*
Net profit/(loss) before tax	(45.78)	268.27	327.92
Net profit/(loss) after tax	(43.10)	241.56	291.16

Information on CTTT

CTTT is an investment holding company incorporated in the BVI with limited liability and, together with its subsidiaries, is principally engaged in the operation of cross border land transportation services and other ancillary businesses. The total initial investment cost of CTTT for CTII was HK$8 plus shareholder's loan of approximately HK$160 million.

According to the unaudited financial information of CTTT, the consolidated net asset value of CTTT as at 30 September 2019 was HK$129.31 million. The unaudited consolidated net profits (before and after taxation) of CTTT for the two years ended 31 December 2018 and the nine months ended 30 September 2019 are set out below:

	For the nine months ended 30 September 2019 (unaudited) *HK$' million*	**For the year ended 31 December 2018** (unaudited) *HK$' million*	**For the year ended 31 December 2017** (unaudited) *HK$' million*
Net profit before tax	26.72	58.33	59.39
Net profit after tax	22.67	52.41	55.39

Information on Jointmight Investments

Jointmight Investments is an investment holding company incorporated in the BVI with limited liability. Through its invested companies, Jointmight Investments is principally engaged in the provision of cross border coach bus services and travel agency service in Macau.

According to the unaudited financial information of Jointmight Investments, the net asset value of Jointmight Investments as at 30 September 2019 was HK$77.89 million. The unaudited net profits and losses (before and after taxation) of Jointmight Investments for the two years ended 31 December 2018 and the nine months ended 30 September 2019 are set out below:

	For the nine months ended 30 September 2019 (unaudited) *HK$' million*	**For the year ended 31 December 2018** (unaudited) *HK$' million*	**For the year ended 31 December 2017** (unaudited) *HK$' million*
Net profit/(loss) before tax	(0.23)	5.24	7.84
Net profit/(loss) after tax	(0.23)	5.24	7.84

Financial effects of the Proposed Restructuring

Upon completion of the Proposed Restructuring, each of the Target Company and Jointmight Investments will cease to be a subsidiary of the Company and their respective financial results will no longer be consolidated into the Group's financial statements.

Earnings

Subject to audit, upon completion of the Proposed Restructuring, the Group expects to record a gain attributable to the Group of approximately HK$190 million arising from the Proposed Restructuring, which is calculated based on its proportionate share resulting from the consideration received (before adjustment) and fair value of retained interest less the carrying amount of net assets disposed and taking into account the corresponding share of the non-controlling interest and professional fees.

The Directors intend to apply the net proceeds from the Proposed Restructuring (after deducting the relevant costs and expenses in connection with the Proposed Restructuring) towards general working capital.

Assets and liabilities

Based on the estimated gain of approximately HK$190 million, subject to audit, attributable to the Group, the consolidated net asset value attributable to equity holders of the Group is expected to increase by approximately HK$190 million upon completion of the Proposed Restructuring.

D. REASONS FOR AND BENEFITS OF THE PROPOSED RESTRUCTURING

The Company and CTII wish to combine their respective existing ferry and coach businesses under the Target Company, to strengthen and widen its multi-modal transportation platform to facilitate the Target Company's unique position and further strengthen its competitiveness. It is expected that the Proposed Restructuring will create synergy and further enhance the Target Company's development for the provision of cross boundary transportation services to the Greater Pearl River Delta Region, realizing the strategic goals of the Outline Development Plan for the Guangdong-Hong Kong-Macau Greater Bay Area which was promulgated by the Central Government of the PRC in February 2019. The Outline Development Plan, a national strategy of the PRC, sets out the directions guiding the development of the Greater Bay Area and identifies Guangzhou, Hong Kong, Macau and Shenzhen as the core cities for driving regional development, in all four of which both the Target Company and CTTT are key transportation players. Further, with the improved transportation network within the Greater Bay Area that facilitates movements within the region and brings cities closer together, the Target Company can directly benefit from the growing opportunities brought by economic integration and social interaction within the Greater Bay Area and enhanced intra-regional cooperation supported by favourable government regulations.

By leveraging on the complementary advantages of and further deepening the cooperation among such cities, it is intended that the Greater Pearl River Delta Region, especially the Greater Bay Area, will develop into an international first-class bay area for travelling. The Company expects that significant improvements will be made to the transport network, overall capacity and competitiveness of the Greater Pearl River Delta Region's port cluster and ample opportunities brought by the development of the Greater Pearl River Delta Region will arise.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Proposed Restructuring and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors had any material interest in the Proposed Restructuring and/or the transactions contemplated thereunder nor was required to abstain from participating in the passing of the relevant resolutions.

E. LISTING RULES IMPLICATIONS

Since the Proposed Restructuring comprises (i) the Target Disposal, (ii) the CTTT Acquisition and (iii) the Jointmight Disposal, pursuant to Rule 14.24 of the Listing Rules, the Proposed Restructuring is classified by reference to the larger of the acquisition or disposal, and subject to the reporting, disclosure and/or shareholders' approval requirements applicable to such classification. As the percentage ratios in respect of the Target Disposal as aggregated with the Jointmight Disposal exceed 25% but are all less than 75% whereas the percentage ratios in respect of the CTTT Acquisition are all below 25%, the Proposed Restructuring constitutes a major transaction and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Dalmore is a subsidiary of CTII, which is a substantial shareholder of the Target Company (being a subsidiary of the Company as at the Latest Practicable Date), each of Dalmore and CTII is a connected person of the Company at the subsidiary level. As such, each of the Target Disposal and the CTTT Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, and by virtue of Rule 14A.101 of the Listing Rules, the Target Disposal and the CTTT Acquisition are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules. The Directors (including the independent non-executive Directors) are of the view that the terms of the Proposed Restructuring and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval may be accepted in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Proposed Restructuring; and (b) a written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at general meetings to approve the Proposed Restructuring.

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders has any material interest in the Proposed Restructuring, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Proposed Restructuring.

The Company has obtained the Written Approval from a closely allied group of Shareholders, set out in the following table, who together held a total of 1,632,901,912 Shares (representing approximately 54.0% of the total number of shares in issue in the Company as at the Latest Practicable Date):

Name of Shareholder	**Number of Shares held as at the Latest Practicable Date**	**Approximate percentage of shareholding**
Ms. Pansy Ho	534,664,564	17.7%
Oakmount Holdings Limited ("**Oakmount**")[(1)]	396,522,735	13.1%
Shun Tak Shipping Company, Limited ("**ST Shipping**") and its subsidiaries[(2)]	373,578,668	12.4%
Ms. Daisy Ho	223,999,816	7.4%
Renita Investments Limited ("**Renita**")[(1)]	104,136,129	3.4%
Total	**1,632,901,912**	**54.0%**

Notes:

(1) Oakmount is a company wholly-owned by Renita. Ms. Pansy Ho and Ms. Daisy Ho, both being Directors, are directors of Renita and Oakmount and they both have beneficial interests in Renita and Oakmount.

(2) Ms. Pansy Ho and Ms. Daisy Ho are both directors of ST Shipping and they both have beneficial interests in ST Shipping and its subsidiaries.

Accordingly, no general meeting will be convened by the Company for the purpose of approving the Proposed Restructuring (including the Target Disposal, the CTTT Acquisition and the Jointmight Disposal) pursuant to Rule 14.44 of the Listing Rules.

F. GENERAL INFORMATION ON THE PARTIES

The Company, Interdragon and STTI

The Company is an investment holding company and its subsidiaries are engaged in a number of business activities including property development, investment and management, hospitality, transportation and investment.

Interdragon is a company incorporated in the BVI with limited liability and is owned as to 60% by the Company. It is principally engaged in investment holding activities.

STTI is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in investment holding activities and provision of management services.

CTII and Dalmore

CTII is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 308). CTII and its subsidiaries are principally engaged in the operations of travel destinations (including hotels, theme parks, natural and cultural spots and leisure resorts), travel agency, travel documents and related operations, as well as passenger transportation operations.

Dalmore is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of CTII. It is principally engaged in investment holding activities. As CTII is a substantial shareholder of the Target Company and the Target Company is a subsidiary of the Company, each of Dalmore and CTII is a connected person of the Company at the subsidiary level.

G. RECOMMENDATION

The Directors are of the opinion that the terms of the Proposed Restructuring and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole. If a general meeting were to be convened for the approval of the Proposed Restructuring and the transactions contemplated thereunder, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Proposed Restructuring and the transactions contemplated thereunder at such general meeting.

H. ADDITIONAL INFORMATION

Your attention is drawn to the further information contained in the appendices to the circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for (i) each of the three years ended 31 December 2018 are disclosed in the annual reports of the Company for each of the three years ended 31 December 2018 and (ii) the six months ended 30 June 2019 is disclosed in the interim report of the Company for the six months ended 30 June 2019; together with the relevant notes thereto are disclosed in the following documents which have been published and are available on the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.shuntakgroup.com):

The audited consolidated financial statements of the Group for the year ended 31 December 2016 are set out on pages 89 to 183 in the Annual Report 2016 of the Company, which was published on 26 April 2017 (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0426/ltn20170426359.pdf).

The audited consolidated financial statements of the Group for the year ended 31 December 2017 are set out on pages 88 to 185 in the Annual Report 2017 of the Company, which was published on 25 April 2018 (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0425/ltn20180425297.pdf).

The audited consolidated financial statements of the Group for the year ended 31 December 2018 are set out on pages 100 to 197 in the Annual Report 2018 of the Company, which was published on 25 April 2019 (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0425/ltn20190425533.pdf).

The unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2019 are set out on pages 23 to 71 in the Interim Report 2019 of the Company, which was published on 12 September 2019 (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0912/ltn20190912131.pdf).

2. INDEBTEDNESS OF THE GROUP

As at 31 January 2020, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Group had outstanding (i) medium term notes of approximately HK$3,177.9 million; (ii) bank borrowings of approximately HK$14,663.4 million comprising secured bank loans of approximately HK$9,128.4 million and unsecured bank loans of approximately HK$5,535.0 million; and (iii) loans from non-controlling interests of approximately HK$898.4 million, comprising secured loans from non-controlling interests of approximately HK$391.8 million and unsecured loans from non-controlling interests of approximately HK$506.6 million. The secured bank loans and secured loans from non-controlling interests were secured by charges on certain assets of the Group and shares of certain subsidiaries of the Group. The Group had not provided any guarantees in favour of the unsecured loans from non-controlling interests.

As at 31 January 2020, the Group had lease liabilities of approximately HK$115.9 million, of which approximately HK$46.6 million was due within one year and approximately HK$69.3 million was due after one year.

The Group has provided guarantee to a third party in respect of the sum owing by a joint venture to the third party under a license agreement. As at 31 January 2020, the Group's share of such contingent liability amounted to approximately HK$2.7 million.

Saved as aforesaid, and apart from intra-group liabilities, the Group did not have any loan capital and/or debt securities issued and outstanding or agreed to be issued or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills, if any) or acceptable credits, debentures, mortgage, charges, hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 31 January 2020.

3. WORKING CAPITAL OF THE GROUP

The Directors are of the opinion that, after taking into account the effects of the Proposed Restructuring, the internal financial resources and present banking facilities available to the Group, the Group will have sufficient working capital in the absence of unforeseen circumstances for its present requirements and for at least the next 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in a number of business activities including property development, investment and management, hospitality, transportation and investment. Over the years, the Group has been identifying and exploring investment opportunities in different regions with a view to generating revenue and achieving better return for the Shareholders. Apart from Hong Kong and Macau, the Group has also expanded its property development and investment business in the PRC and Singapore during the past years. The Proposed Restructuring is in line with the Group's business strategies and enhance its existing cross boundary transportation services within the PRC. The Group also envisages that the Proposed Restructuring will provide more growth opportunities and synergies in strengthening and widening its multi-modal transportation platform.

The Group is committed to delivering value to the Shareholders, maximizing business growth opportunities through efficient capital and asset allocations. The Directors are of the opinion that the Group is in a healthy financial position, allowing it to readily capture potential opportunities with long term value potentials which may arise in the future. Meanwhile, the Group will continue to optimize its existing business portfolio and realise value through asset acquisitions and realizations while enhancing its corporate value.

In the year of 2019, the Group faced multiple challenges due to various social conditions in Greater China, such as the political unrest in Hong Kong since June 2019 and the COVID-19 epidemic originated in the PRC towards the end of 2019 and have continued to affect globally as of the date of this circular. Due to the COVID-19 epidemic, ferry services between Hong Kong and Macau have been temporarily suspended since February 2020 and up to the date of this circular subsequent to Hong Kong Government's announcement on the temporary closure of its immigration checkpoints including the Hong Kong-Macau Ferry Terminal. As the majority of the Group's operations are based in Greater China and Asia, our business operations may be affected by these unfavorable social conditions.

Despite the challenging social environment, the Group shall continue to stay vigilant and adopt a pragmatic approach in our core businesses, while executing new projects along the pipeline to build new impetus for growth into the future. The Group remains cautiously optimistic about its business performance, it will continue to focus on exploring opportunities with long term value potentials in generating optimal returns for the Shareholders.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(1) Directors' Interests

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporation(s) (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 which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") 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

		Number of shares held				
Name of Director	**Nature of Interests**	**Personal interests**	*Note*	**Corporate interests**	*Note*	**Approximate percentage of total issued shares** *Note (i)*
Mr. Norman Ho	Interests in underlying shares	1,132,124	*(ii)*	—		0.04%
Mr. Charles Ho	Interests in underlying shares	1,132,124	*(ii)*	—		0.04%
Ms. Pansy Ho	Interests in issued shares	166,043,937		368,620,627	*(iv)*	17.70%
	Interests in issued shares	—		65,040,000	*(vi)*	2.15%
	Interests in unissued shares	—		148,883,374	*(iii)*	4.93%
Ms. Daisy Ho	Interests in issued shares	89,496,345		134,503,471	*(v)*	7.41%
	Interests in issued shares	—		65,040,000	*(vi)*	2.15%
	Interests in unissued shares	—		148,883,374	*(iii)*	4.93%
Ms. Maisy Ho	Interests in issued shares	38,901,203		31,717,012	*(vii)*	2.34%
Mr. David Shum	Interests in issued shares	5,660,377		—		0.19%

Notes:

(i) As at the Latest Practicable Date, the total number of issued shares of the Company was 3,021,479,785.

(ii) These represented the interests in underlying shares in respect of share options granted by the Company, details of which are disclosed in the 2019 interim report of the Company dated 26 August 2019.

(iii) The 148,883,374 unissued shares in which Ms. Pansy Ho and Ms. Daisy Ho were deemed to hold interests under the SFO, are the same parcel of shares, and represents the maximum amount of consideration shares to be issued to Alpha Davis Investments Limited ("**ADIL**") pursuant to the agreement dated 1 November 2016 in relation to the extension of the long stop date of the sale and purchase agreement dated 11 November 2004 (and the supplemental agreements thereto) regarding the acquisition of sites in Nam Van District, Macau by the Group and the proposed transfer as described in the Company's circular dated 29 November 2016 (the "**Sai Wu Agreement**"). ADIL is owned as to 53% by Megaprosper Investments Limited ("**MIL**") which in turn is owned as to 51% by Ms. Pansy Ho and 39% by Ms. Daisy Ho.

(iv) The 368,620,627 shares in which Ms. Pansy Ho was deemed to hold interests under the SFO, comprised 184,396,066 shares held by Beeston Profits Limited ("**BPL**") and 184,224,561 shares held by Classic Time Developments Limited ("**CTDL**"). Both BPL and CTDL are wholly-owned by Ms. Pansy Ho.

(v) The 134,503,471 shares in which Ms. Daisy Ho was deemed to hold interests under the SFO, were held by St. Lukes Investments Limited, which is wholly-owned by Ms. Daisy Ho.

(vi) The 65,040,000 shares in which Ms. Pansy Ho and Ms. Daisy Ho were deemed to hold interests under the SFO, were the same parcel of shares, held by MIL through its wholly-owned subsidiary, Business Dragon Limited (see note (iii) above).

(vii) The 31,717,012 shares in which Ms. Maisy Ho was deemed to hold interests under 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 Other Associated Corporations of the Company

Name of Director	**Name of company**	**Corporate interests**	**Percentage of total issued shares** *Note (i)*
Ms. Pansy Ho	Shun Tak & CITS Coach (Macao) Limited	1,500 shares	15.00%

Note:

(i) As at the Latest Practicable Date, there was a total of 10,000 shares of Shun Tak & CITS Coach (Macao) Limited in issue.

All the interests disclosed in paragraphs (a) and (b) above represented long position interests in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO). Save as disclosed in the above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or any of their associates had, or were deemed to hold, 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) 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) Interests of substantial Shareholders and Other Persons in the Company

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have, an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or who were or were expected, directly or indirectly, interested in 5% or more of the issued share capital of the Company were as follows:

Name of shareholder	*Note*	**Nature of interests**	**Capacity**	**Long position/ short position**	**Number of shares/ underlying shares held**	**Approximate percentage of total issued shares** *Note (i)*
Renita Investments Limited ("**Renita**") and its subsidiary	*(ii)*	Interests in issued shares	Beneficial owner and interests of controlled corporation	Long position	500,658,864	16.57%
Oakmount Holdings Limited ("**Oakmount**")	*(ii)*	Interests in issued shares	Beneficial owner	Long position	396,522,735	13.12%
Shun Tak Shipping Company, Limited ("**STS**") and its subsidiaries	*(iii)*	Interests in issued shares	Beneficial owner and interests of controlled corporation	Long position	373,578,668	12.36%

Name of shareholder	*Note*	Nature of interests	Capacity	Long position/ short position	Number of shares/ underlying shares held	Approximate percentage of total issued shares *Note (i)*
Beeston Profits Limited ("**BPL**")	*(iv)*	Interests in issued shares	Beneficial owner	Long position	184,396,066	6.10%
Classic Time Developments Limited ("**CTDL**")	*(iv)*	Interests in issued shares	Beneficial owner	Long position	184,224,561	6.10%
Megaprosper Investments Limited ("**MIL**")	*(v)*	Interests in issued shares	Interest of controlled corporation	Long position	65,040,000	2.15%
	(vi)	Interests in unissued shares	Interest of controlled corporation	Long position	148,883,374	4.93%

Notes:

(i) As at the Latest Practicable Date, the total number of issued Shares of the Company was 3,021,479,785.

(ii) These 500,658,864 shares comprised 396,522,735 shares held by Oakmount, which is wholly-owned by Renita. Accordingly, part of the interest of Renita in the Company duplicates the interest of Oakmount in the Company. Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho hold beneficial interests in Renita and Oakmount. Both Ms. Pansy Ho and Ms. Daisy Ho are directors of Renita and Oakmount.

(iii) Ms. Pansy Ho, Ms. Daisy Ho and Mr. David Shum hold beneficial interests in, and are directors of, STS. Ms. Maisy Ho holds beneficial interests in STS.

(iv) Ms. Pansy Ho has 100% interests in and is a director of BPL and CTDL.

(v) MIL is owned as to 51% by Ms. Pansy Ho and 39% by Ms. Daisy Ho. Ms. Pansy Ho and Ms. Daisy Ho are directors of MIL. These 65,040,000 shares are held by Business Dragon Limited, a wholly-owned subsidiary of MIL.

(vi) The 148,883,374 unissued shares represented the maximum amount of consideration shares to be issued to Alpha Davis Investments Limited ("**ADIL**") pursuant to the Sai Wu Agreement. ADIL is owned as to 53% by MIL.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or the chief executive of the Company, no other persons (not being a Director or chief executive of the Company) had, or were deemed to have, an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or who were or were expected, directly or indirectly, interested in 5% or more of the issued share capital of the Company.

3. DIRECTORS' INTERESTS IN CONTRACTS AND ARRANGEMENTS

(1) Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum hold beneficial interests in Sociedade de Turismo e Diversões de Macau, S.A. ("**STDM**"). Ms. Pansy Ho and Mr. David Shum are directors of STDM. Ms. Daisy Ho is an appointed representative of Lanceford Company Limited, which is a corporate director of STDM. Ms. Maisy Ho is an appointed representative of the Company, which is a corporate director of STDM. On 22 February 2019, the Company entered into a renewed master products and services agreement with STDM for a term of 3 years from 1 January 2019 to 31 December 2021 (the "**Renewed Master Products and Services Agreement**"). The Renewed Master Products and Services Agreement set out a framework for the provision of products and services below by the Group to the STDM Group, and vice versa, from time to time on a non-exclusive basis.

- provision of products and services by the Group to the STDM Group including the following:

  (i) sale of ferry tickets;

  (ii) sale of travel and transportation products and provision of travel agency services, including but not limited to hotel accommodation, cruise, taxi services and ticketing;

  (iii) provision of management and operation services to hotels and other hospitality properties and business owned by the STDM Group including but not limited to the Grand Lapa Hotel, the Grand Coloane Resort and Macau Tower Convention & Entertainment Centre;

  (iv) provision of other property related services including but not limited to property management, sale, leasing, project management, cleaning and other services to various properties owned by the STDM Group; and

  (v) provision of business support services including but not limited to laundry, company secretarial services, promotion and advertising, office administrative services and concierge services.

- provision of the products and services by the STDM Group to the Group including the following:

  (vi) sale of travel products including but not limited to hotel accommodation, tourist spot tickets, local tour and helicopter tickets to the travel agency arm of the Group; and

  (vii) provision of business support services including but not limited to towage and associated marine operation services.

(2) Melco Resorts Services Limited ("**MRSL**") is a subsidiary of Melco International Development Limited ("**MID**"). MID is a majority-controlled company (as defined in the Listing Rules) of Mr. Ho, Lawrence Yau Lung, a family member of Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho (all being Directors).

On 14 December 2018, Shun Tak — China Travel Ship Management Limited ("**STCTSML**"), an indirect non wholly-owned subsidiary of the Company and MRSL entered into a renewed ferry ticket sales framework agreement (the "**Renewed Ticketing Agreement**") to set out the principal terms and conditions upon which from time to time STCTSML may sell to MID and its subsidiaries ("**MID Group**") and the MID Group may purchase from STCTSML, the tickets for ferry services to and from Macau operated by STCTS and its subsidiaries for a further 3 years from 1 January 2019 to 31 December 2021.

(3) On 27 December 2019, the Company and MGM Grand Paradise Limited, a company in which Ms. Pansy Ho has indirect beneficial interest ("**MGM**") entered into a renewed master service agreement (the "**Renewed MGM Agreement**") for a term of 3 years from 1 January 2020 to 31 December 2022. The Renewed MGM Agreement governs the terms for the provision of products and services, including but not limited to, ferry tickets, travel products and rental of hotel rooms between the MGM and/or its subsidiaries and the Group.

Save for the contracts disclosed in this section, none of the Director 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.

4. DIRECTORS' INTERESTS IN ASSETS AND OTHER INTERESTS

Since 31 December 2018, being the date to which the latest published audited accounts of the Company have been made up and as at the Latest Practicable Date, the Group entered into:

(i) 15 license or lease agreements with STDM. The Group, as licensee or lessee and STDM, as licensor or lessor entered into various agreements for the use of a certain premises in Macau for a term of not exceeding three years from STDM for an aggregate basic annual rent of approximately HK$28.4 million; and

(ii) 27 license or lease agreements with Shun Tak Centre Limited ("**STC**"). As at the Latest Practicable Date, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum are directors of STC. The Group, as licensee and STC, as licensor entered into various agreements for the use of a certain lightboxes and premises at Shun Tak Centre in Hong Kong for a term of not exceeding three years from STC for an aggregate basic annual rent of approximately HK$20.4 million.

Save as disclosed above and in this circular, 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 2018, being the date to which the latest published audited financial statements of the Group were made up.

5. LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

6. MATERIAL CONTRACTS

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular which are or may be material:

(1) the sale and purchase agreement dated 28 August 2018 entered into between Pleasant Grace Limited (an indirect wholly-owned subsidiary of the Company) as buyer, the Company as guarantor of the buyer and Full Energy Company Limited as seller for the acquisition of 100 A shares of STC, representing 10.00% of the total issued class A shares of STC, for a base consideration of HK$442 million (subject to adjustments), details of which were set out in the announcement of the Company dated 28 August 2018;

(2) the agreement dated 18 December 2019 entered into between Shanghai Tongxin Investment Company Limited*（上海潼信投資有限公司）and Shenzhen OCT Properties Co., Ltd*（深圳華僑城房地產有限公司）, in relation to the acquisition of 50% equity interest of Shanghai Huahe Real Estate Development Company Limited*（上海華合房地產開發有限公司）, for a consideration of RMB2,228 million, details of which were set out in the announcement of the Company dated 4 December 2019;

(3) the agreement dated 18 December 2019 entered into between Shanghai Suzuan Investment Company Limited*（上海蘇鑽投資有限公司）and Shenzhen OCT Properties Co., Ltd*（深圳華僑城房地產有限公司）in relation to the acquisition of 50% equity interest of Shanghai Huayan Real Estate Development Company Limited*（上海華筵房地產開發有限公司）, for a consideration of RMB2,484.25 million, details of which were set out in the announcement of the Company dated 4 December 2019;

(4) the Target SPA;

(5) the CTTT SPA; and

(6) the Jointmight SPA.

** For identification purposes only*

7. 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 will not expire or may not be terminated by the Company within one year without payment of compensation (other than statutory compensation).

8. COMPETING INTERESTS

The Directors named in the paragraphs below hold interests in businesses which are considered to compete or likely to compete, either directly or indirectly, with the Group's businesses as at the Latest Practicable Date.

As at the Latest Practicable Date, 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. As at the Latest Practicable Date, Ms. Pansy Ho and Mr. David Shum are directors of STDM which is also engaged in the businesses of property investment, property development and/or hospitality. Ms. Daisy Ho is an appointed representative of Lanceford Company Limited, which is a corporate director of STDM. Ms. Maisy Ho is an appointed representative of the Company, which is a corporate director of STDM.

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 any of their respective close associates was interested in any business, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

9. MATERIAL ADVERSE CHANGE

The Directors are of the opinion that there are no material adverse changes in the financial or trading position of the Group since the date to which the latest published audited accounts of the Company have been made up.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are 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), for a period of 14 days from the date of this circular:

(a) the articles of association of the Company;

(b) the annual reports of the Company for the financial years ended 31 December 2017 and 31 December 2018 and the interim report of the Company for the six months ended 30 June 2019;

(c) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(d) the circular in relation to the acquisition of 50% equity interest in two project companies dated 26 March 2020; and

(e) this circular.

11. MISCELLANEOUS

(a) The secretary of the Company is Ms. Tsang Mei Chu, Angela. She is a fellow member of The Chartered Governance Institute and The Hong Kong Institute of Chartered Secretaries.

(b) The registered office of the Company is located at Penthouse 39th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.

(c) The share registrar of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) 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.