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## IMPORTANT

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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** all your shares in Shun Tak Holdings Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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

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### SHUN TAK HOLDINGS LIMITED

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*

## PROPOSALS FOR GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES

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14th April, 2003



**SHUN TAK HOLDINGS LIMITED**

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*

*Directors:*

Dr. Stanley Ho (*Group Executive Chairman*)  
Sir Roger Lobo\*\*  
Mr. Robert Kwan\*\*  
Dr. Cheng Yu Tung\*  
Mrs. Mok Ho Yuen Wing, Louise\*  
Ms. Pansy Ho (*Managing Director*)  
Ms. Daisy Ho (*Deputy Managing Director*)  
Dr. Ambrose So  
Mr. Patrick Huen  
Mr. Andrew Tse  
Mr. Anthony Chan  
Ms. Maisy Ho

*Registered Office:*

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

\* *Non-Executive Directors*

\*\* *Independent Non-Executive Directors*

14th April, 2003

*To the shareholders,*

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES TO  
REPURCHASE SHARES AND TO ISSUE SHARES**

**INTRODUCTION**

Pursuant to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Hong Kong Companies Ordinance, listed companies incorporated in Hong Kong may in certain circumstances, if authorised by their Articles of Association, purchase their own shares.

On 31st May, 2002, general mandates were given by the Company to the directors of the Company (the “Directors”) to exercise the powers of the Company to repurchase shares of HK\$0.25 each of the Company (“Shares”) and to issue new Shares. Under the Hong Kong Companies Ordinance and the Listing Rules, these general mandates will lapse at the conclusion of the forthcoming annual general meeting of the Company. Ordinary resolutions will therefore be proposed at the forthcoming annual general meeting of the Company to be held on 11th June, 2003 (the “Annual General Meeting”) for the grant of these general mandates.

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## LETTER FROM THE CHAIRMAN

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The purpose of this circular is to provide you with information regarding the proposed general mandates to repurchase Shares and to issue new Shares.

### GENERAL MANDATE TO REPURCHASE SHARES

The ordinary resolution set out in item 5 of the notice of the Annual General Meeting, if passed, will give the Directors a general and unconditional mandate to exercise the powers of the Company to repurchase Shares at any time until the next annual general meeting of the Company following the passing of the ordinary resolution, or such earlier period as stated in the ordinary resolution, up to a maximum of 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date the resolution is passed (the “Repurchase Mandate”).

An explanatory statement as required under the Listing Rules to provide the requisite information regarding the Repurchase Mandate is set out in the appendix to this circular.

### GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, the ordinary resolution set out in item 6 of the notice of the Annual General Meeting will be proposed which, if passed, will give the Directors a general mandate to issue new Shares representing up to (i) 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date the resolution is passed plus (ii) the nominal amount of the share capital of the Company repurchased by the Company subsequent to the passing of such resolution (the “Issue Mandate”).

### ANNUAL GENERAL MEETING

The notice of the Annual General Meeting, which contains, inter alia, ordinary resolutions to approve the Repurchase Mandate and the Issue Mandate, is set out in the annual report 2002 of the Company accompanying this circular.

There is enclosed a form of proxy for use at the Annual General Meeting. You are requested to complete the form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting, whether or not you intend to be present at the meeting. The completion and return of the form of proxy will not prevent you from attending and voting in person at the Annual General Meeting should you wish to do so.

### RECOMMENDATION

The Directors consider that the grant of the Repurchase Mandate and the Issue Mandate is in the interests of the Company and its shareholders as a whole and accordingly recommend shareholders to vote in favour of the ordinary resolutions to be proposed at the Annual General Meeting to approve the Repurchase Mandate and the Issue Mandate respectively.

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## LETTER FROM THE CHAIRMAN

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### 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 herein misleading.

Yours faithfully,

**Stanley Ho**

*Group Executive Chairman*

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate and also constitutes the memorandum as required under Section 49BA(3) of the Hong Kong Companies Ordinance.

## **1. SHARE CAPITAL**

As at 9th April, 2003, being the latest practicable date for ascertaining certain information in this circular (the “Latest Practicable Date”), the issued share capital of the Company comprised 1,942,433,910 Shares. Subject to the passing of the ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 194,243,391 Shares.

## **2. REASONS FOR REPURCHASES**

The Directors believe that the flexibility afforded by the Repurchase Mandate would be beneficial to the Company and its shareholders. Trading conditions on the Stock Exchange have sometimes been volatile in recent years and if there are occasions in future when depressed market conditions arise, repurchases of Shares may support the share prices and lead to an enhancement of the net asset value of the Company and/or its earnings per Share. It would then be beneficial to those shareholders who retain their investment in the Company since their percentage interest in the assets of the Company would increase in proportion to the number of Shares repurchased by the Company.

## **3. FUNDING OF REPURCHASES**

Repurchases would be funded entirely from the Company’s available cashflow or working capital facilities which will be funds legally available for that purpose and in accordance with the Hong Kong Companies Ordinance and the Memorandum and Articles of Association of the Company.

The Hong Kong Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the company or from the proceeds of a new issue of shares made for that purpose. The Hong Kong Companies Ordinance further provides that the amount of premium payable on repurchase may only be paid out of the distributable profits of the company. Where the repurchased shares were issued at a premium, any premium payable on repurchase may be paid out of the proceeds of a fresh issue of shares made for the purposes of the share repurchase up to certain limits specified by the Hong Kong Companies Ordinance.

There may be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31st December, 2002) in the event that the Repurchase Mandate were to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or gearing position of the Company as may be determined by the Directors from time to time to be appropriate for the Company.

#### 4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	Highest HK\$	Lowest HK\$
<b>2002</b>		
April	1.640	1.152*
May	1.660	1.340
June	1.530	1.380
July	1.540	1.230
August	1.330	1.190
September	1.320	1.180
October	1.370	1.230
November	1.780	1.240
December	1.810	1.520
<b>2003</b>		
January	1.870	1.560
February	2.100	1.790
March	2.175	1.740

\* Adjusted for the rights issue 1 for 4 @ HK\$1.00 with ex-date of 23rd April, 2002.

#### 5. GENERAL

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the Hong Kong Companies Ordinance.

If as a result of a share repurchase, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code on Takeovers and Mergers (the "Takeover Code"). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

The Directors are not aware of any consequences which may arise under the Takeover Code as a result of any purchases which may be made under the Repurchase Mandate. As at the Latest Practicable Date, Shun Tak Shipping Company, Limited and Dr. Stanley Ho (and his associates) were together beneficially interested in approximately 57.87 per cent. of the issued share capital of the Company. Based on these shareholdings, and in the event that the Directors were to exercise in full the power to repurchase Shares under the Repurchase Mandate, the combined shareholdings of Shun Tak Shipping Company, Limited and Dr. Stanley Ho (and his associates) would increase to approximately 64.30 per cent. of the issued share capital of the Company.

The Directors have no present intention to exercise the Repurchase Mandate to such an extent that such exercise would result in takeover obligations under the Takeover Code.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, has any present intention to sell any Shares to the Company under the Repurchase Mandate if such Repurchase Mandate is approved by the shareholders.

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the shareholders.

## **6. SHARE PURCHASE MADE BY THE COMPANY**

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.