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SHUN TAK HOLDINGS LIMITED

信德集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 242)

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

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS WITH STDM

EXTENSION OF FERRY TICKET TRANSACTIONS AND FUEL ARRANGEMENT

Ferry Ticket Transactions

On 28 October 2010, STCTS (an indirect non-wholly owned subsidiary of the Company) entered into the SAA Extension Agreement with STDM to continue the Ferry Ticket Transactions for a further period of three years from 1 January 2011 until 31 December 2013. The Ferry Ticket Transactions include:

- (1) the sale of Ferry Tickets by STDM as agent of STCTS in consideration for the STDM Commissions; and
- (2) the bulk purchase of Ferry Tickets by STDM for its own account at the Discount.

Fuel Arrangement

On 28 October 2010, STCTS entered into the FAA Extension Agreement with STDM to continue STDM's appointment to supply and load Fuel onto STCTS Vessels for a further period of three years from 1 January 2011 until 31 December 2013.

Implications under the Listing Rules

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

The SAA Extension and FAA Extension are subject to the reporting, announcement and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules. Appropriate disclosure of the relevant transactions will be made in the annual reports and accounts of the Company in accordance with the Listing Rules and such transactions will also be subject to the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules.

General

The Directors (excluding the Abstained Directors, and excluding members of the Independent Board Committee whose view will be contained in a circular expected to be despatched to the Shareholders no later than 18 November 2010 after taking into account the advice from the independent financial adviser) are of the view that the SAA Extension, the FAA Extension and the respective transactions thereunder (including their respective annual caps) are entered into in the ordinary and usual course of business of the Company, on normal commercial terms and on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee has been formed to consider and advise the Independent Shareholders on the SAA Extension, the FAA Extension and the respective transactions thereunder (including their respective annual caps). An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the SAA Extension, the FAA Extension and the respective transactions thereunder (including their respective annual caps).

A circular containing, among other things, further information in respect of the SAA Extension and the FAA Extension, the recommendation of the Independent Board Committee, the recommendation and advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders and the notice of the EGM, is expected to be despatched to the Shareholders no later than 18 November 2010.

The Board is pleased to announce the following continuing connected transactions between the Group and STDM:

(A) FERRY TICKET TRANSACTIONS

Reference is made to the announcement of the Company dated 14 November 2007 and the circular of the Company dated 27 November 2007 in relation to, among other things, the STDM Agency Agreement which will expire on 31 December 2010. On 28 October 2010, STCTS entered into the SAA Extension Agreement with STDM to continue the Ferry Ticket Transactions for a further period of three years from 1 January 2011 to 31 December 2013.

The SAA Extension Agreement

Date 28 October 2010

Parties STCTS and STDM

Term The SAA Extension Agreement will take effect from 1 January 2011 for three years until 31 December 2013, unless being terminated by either party giving to the other specified period of prior written notice. The parties may thereafter enter into a new agreement or renew the SAA Extension Agreement for further period of three years or such other period as may be mutually agreed.

Nature of Ferry Ticket Transactions and the Consideration

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

STDM has been appointed since 3 June 1999 as STCTS's exclusive agent for the sale of Ferry Tickets at the Terminal and non-exclusive

agent for the sale of Ferry Tickets at directly-operated ticketing counters in the rest of Macau.

Pursuant to the SAA Extension Agreement, in consideration for the sales agency services provided by STD M, STCTS will continue to pay to STD M the STD M Commissions, calculated at 5% on the total net ticket sales generated by STD M 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 STD M Commissions have been agreed following arms' length negotiations on normal commercial terms and in accordance with market practice.

(ii) **STD M Ticket Purchases at the Discount**

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

Historical Figures

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

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

Proposed Annual Caps

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

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

The new annual caps proposed above are determined with reference to (i) the historical amounts of the STDM Commissions, STDM Ticket Purchases and Discount for the two financial years ended 31 December 2008 and 2009 and the first nine months of 2010; and (ii) the estimated value of Ferry Tickets to be sold by STDM as agent of STCTS, STDM Ticket Purchases and Discount granted thereon during each of the three years ending 31 December 2013, after taking into account the growth and development of the general economy and the passenger ferry market in the Pearl River Delta.

(B) THE FUEL ARRANGEMENT

Reference is made to the announcement of the Company dated 14 November 2007 and the circular of the Company dated 27 November 2007 in relation to, among other things, the Fuel Arrangement Agreement which will expire on 31 December 2010. On 28 October 2010, STCTS entered into the FAA Extension Agreement with STDM to continue STDM's appointment to supply and load Fuel onto STCTS Vessels for a further period of three years from 1 January 2011 to 31 December 2013.

The FAA Extension Agreement

Date	28 October 2010
Parties	STCTS and STDM
Term	The FAA Extension Agreement will take effect from 1 January 2011 for three years until 31 December 2013 unless being terminated by either party giving to the other specified period of

prior written notice or in accordance with other provisions of the FAA Extension Agreement. The parties may thereafter enter into a new agreement or renew the FAA Extension Agreement for further period of three years or such other period as may be mutually agreed.

Scope of Services

STDM is the exclusive operator of the Terminal under an arrangement with the Macau government. STDM has been supplying Fuel to STCTS for over 13 years. Pursuant to the FAA Extension Agreement, STDM will continue to supply and load Fuel onto STCTS Vessels and to maintain, manage and operate the Fuel storage tanks and other necessary equipment for the supply of Fuel such as filtration equipment, delivery hose and fuel pipes located at the Terminal. In order to ensure that the Fuel supply procedures are in compliance with STCTS requirements, the STCTS Group will continue to provide technical assistance to STDM at the Terminal.

Consideration

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

Historical Figures

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

Proposed Annual Caps

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

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

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

(C) REASONS FOR THE SAA EXTENSION AND THE FAA EXTENSION

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

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

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

The continuing appointment of STDM to supply Fuel to STCTS Vessels under the FAA Extension contributes to the operational efficiency of the STCTS Group by saving costs in operating its own Fuel supply system at the Terminal and reducing STCTS Vessels' on-board fuel load and thus their fuel consumption.

(D) LISTING RULES IMPLICATIONS OF THE SAA EXTENSION AND THE FAA EXTENSION

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

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

(E) GENERAL

The Directors (excluding the Abstained Directors and excluding members of the Independent Board Committee whose view will be contained in a circular expected to be despatched to the Shareholders no later than 18 November 2010 after taking into account the advice from the independent financial adviser) are of the view that the SAA Extension, the FAA Extension and the respective transactions thereunder (including their respective annual caps) are entered into in the ordinary and usual course of business of the Company, on normal commercial terms and on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee has been formed to consider and advise the Independent Shareholders on the SAA Extension, the FAA Extension and the respective transactions thereunder (including their respective annual

caps). An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the SAA Extension, the FAA Extension and the respective transactions thereunder (including their respective annual caps).

A circular containing, among other things, further information in respect of the SAA Extension and the FAA Extension, the recommendation of the Independent Board Committee, the recommendation and advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders and the notice of the EGM is expected to be despatched to the Shareholders no later than 18 November 2010.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Abstained Directors”	Being (1) Dr. Stanley Ho and Dato’ Dr. Cheng Yu Tung, who have not given any opinion and have abstained from voting on the board resolutions in respect of the SAA Extension and the FAA Extension in view of their respective interests in STDM, and (2) Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho (being Directors and daughters of Dr. Stanley Ho) and Mrs. Louise Mok (being a Director and a sister of Dr. Stanley Ho) who have also not given any opinion and have abstained from voting on the board resolutions in respect of the SAA Extension and the FAA Extension in view of their relationship with Dr. Stanley Ho
“associate”	as defined under the Listing Rules
“Board”	the board of Directors
“Company”	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange (Stock code: 242)
“Director(s)”	the director(s), including independent non-executive director(s), of the Company
“Discount”	the discount granted by STCTS to STDM on the STDM Ticket Purchases pursuant to the STDM Agency Agreement

“EGM”	an extraordinary general meeting to be convened by the Company for the purposes of considering and (if thought fit) approving the SAA Extension, the FAA Extension and the respective transactions contemplated thereunder (including the respective annual caps)
“FAA Extension”	proposed extension of the Fuel Arrangement pursuant to the terms and conditions of the FAA Extension Agreement
“FAA Extension Agreement”	the amendment agreement entered into between STCTS and STD M on 28 October 2010 to renew the Fuel Arrangement Agreement
“Ferry Tickets”	tickets for the STCTS Ferry Services
“Ferry Ticket Transactions”	the (1) sale of Ferry Tickets by STD M as agent for and on behalf of STCTS in consideration for the STD M Commissions; and (2) STD M Ticket Purchases at the Discount pursuant to the STD M Agency Agreement
“Fuel”	marine industrial diesel oil
“Fuel Arrangement”	the supply and loading of Fuel onto STCTS Vessels at the Terminal by STD M pursuant to the Fuel Arrangement Agreement
“Fuel Arrangement Agreement”	the fuel arrangement agreement entered into between STCTS and STD M in relation to the Fuel Arrangement dated 23 December 2004, as amended by a letter agreement dated 12 November 2007
“Fuel Arrangement Fee”	the fee payable by STCTS to STD M for the supply and loading of Fuel onto STCTS Vessels
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising Sir Roger Lobo, Mr. Norman Ho and Mr. Charles Ho, being all the independent non-executive Directors, which has been

established to advise the Independent Shareholders in respect of the SAA Extension, the FAA Extension and the respective transactions thereunder (including their respective annual caps)

“Independent Shareholders”	Shareholders (other than (1) Dr. Stanley Ho and his associates including Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Mrs. Louise Mok and Shun Tak Shipping Company, Limited and those of its subsidiaries which are Shareholders; and (2) any other Shareholders (if any) with a material interest in the SAA Extension and/or the FAA Extension) who are not required to abstain from voting at the EGM or any adjourned meeting thereof for approving the SAA Extension, the FAA Extension and the respective transactions thereunder (including their respective annual caps)
“Interdragon”	Interdragon Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of the Company, in which the Company indirectly owns 60% and STDM owns 40%
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the People’s Republic of China
“SAA Extension”	proposed extension of the Ferry Ticket Transactions pursuant to the terms and conditions of the SAA Extension Agreement
“SAA Extension Agreement”	the amendment agreement entered into between STCTS and STDM on 28 October 2010 to renew the STDM Agency Agreement
“Share(s)”	shares(s) of HK\$0.25 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“STCTS”	Shun Tak-China Travel Shipping Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of the Company, with 71% of its issued share capital directly owned by Interdragon

“STCTS Ferry Services”	the ferry services operated by the STCTS Group in the context of which the Ferry Tickets are sold
“STCTS Group”	STCTS and its subsidiaries
“STCTS Vessels”	the vessels managed and operated by the STCTS Group at the Terminal
“STDM”	Sociedade de Turismo e Diversões de Macau, S.A., a company incorporated in Macau and an associate of Dr. Stanley Ho
“STDM Agency Agreement”	the agency agreement entered into between STCTS and STDM in relation to the Ferry Ticket Transactions dated 3 June 1999, as amended by letter agreements dated 29 April 2002, 14 December 2004 and 12 November 2007 respectively
“STDM Commissions”	the commissions payable by STCTS to STDM pursuant to the STDM Agency Agreement for acting as STCTS’s exclusive agent for the sale of Ferry Tickets at the Terminal and as a non-exclusive agent for the sale of Ferry Tickets at directly-operated ticketing counters in the rest of Macau
“STDM Ticket Purchases”	the bulk purchase of Ferry Tickets by STDM from the STCTS Group for its own account
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terminal”	Macau Outer Harbour Terminal, Macau

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

Hong Kong, 28 October 2010

As at the date of this announcement, the executive Directors are Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum; the non-executive Directors are Dato’ Dr. Cheng Yu Tung, Mrs. Louise Mok and Mr. Michael Ng; and the independent non-executive Directors are Sir Roger Lobo, Mr. Norman Ho, and Mr. Charles Ho.