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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 OF
CONTINUING CONNECTED TRANSACTIONS**

- (1) REVISION OF 2012 ANNUAL CAP ON THE CTSHK COMMISSIONS
AND
(2) RENEWAL OF THE CTSHK AGENCY AGREEMENT
AND
(3) RENEWAL OF THE MASTER PROPERTY SERVICES AGREEMENT
WITH STDM**

Reference is made to the announcement of the Company dated 4 February 2010 in relation to, among other things, (1) the CTSHK Agency Agreement entered into between STCTS and CTSHK pursuant to which CTSHK will continue to act as a non-exclusive joint general sales agent for STCTS in respect of the sale of Ferry Tickets; and (2) the Master Property Services Agreement entered into between the Company and STDM for setting out a framework for the provision of property related services by the Group to the STDM Group on an ongoing basis.

**(1) REVISION OF ANNUAL CAP ON THE CTSHK COMMISSIONS FOR
2012**

As set out in the Announcement, the annual cap for CTSHK Commissions for 2012 was set at HK\$37.6 million. The Company has revised the annual cap for CTSHK Commissions for 2012 to HK\$44.0 million.

(2) RENEWAL OF THE CTSHK AGENCY AGREEMENT

On 20 December 2012, STCTS and CTSHK entered into the Renewed CTSHK Agency Agreement, with terms substantially the same as those of the CTSHK Agency Agreement, to continue the appointment of CTSHK as STCTS's non-exclusive joint general sales agent for the sale of Ferry Tickets for the CTSHK Commissions.

The annual caps for the CTSHK Commissions are set at HK\$56.0 million, HK\$63.0 million and HK\$70.0 million for the three years ending 31 December 2013, 2014 and 2015 respectively.

(3) RENEWAL OF THE MASTER PROPERTY SERVICES AGREEMENT WITH STD M

On 20 December 2012, the Company and STD M entered into the Renewed Master Property Services Agreement, with terms substantially the same as those of the Master Property Services Agreement, to continue the provision of property related services by the Group to the STD M Group's properties as have been or may be designated by the STD M Group and agreed by the Group on an ongoing basis, including sales agency services, leasing agency services, property management services, property cleaning and other property related services.

The annual caps for the aggregate service fees payable by the STD M Group to the Group under the Renewed Master Property Services Agreement are set at HK\$35.0 million, HK\$38.0 million and HK\$40.0 million respectively for the three years ending 31 December 2013, 2014 and 2015.

LISTING RULES IMPLICATIONS

Both CTSHK and STD M are connected persons of the Company at subsidiary level under the Listing Rules. The transactions contemplated under the CTSHK Agency Agreement, the Renewed CTSHK Agency Agreement and the Renewed Master Property Services Agreement were / will be carried out on an ongoing basis and constituted continuing connected transactions of the Company under the Listing Rules.

Since each of the Revised 2012 Commission Cap, the annual caps for the CTSHK Commissions for 2013, 2014 and 2015 and the annual caps for the aggregate service fees receivable by the Group from the STD M Group under the Renewed Master Property Services Agreement exceeds 1% but is less than 5% of the applicable percentage ratios (other than the profits ratio) as defined in Rule 14.07 of the Listing Rules, the transactions contemplated under the CTSHK Agency Agreement, the Renewed CTSHK Agency Agreement and the Renewed Master Property Services Agreement are subject to the reporting and announcement requirements, but exempt from the independent Shareholders' approval requirements under the Listing Rules.

Reference is made to the Announcement in relation to, among other things, (1) the CTSHK Agency Agreement dated 4 February 2010 entered into between STCTS and CTSHK pursuant to which CTSHK will continue to act as a non-exclusive joint general sales agent for STCTS in respect of the sale of Ferry Tickets for the CTSHK Commissions; and (2) the Master Property Services Agreement dated 4 February 2010 entered into between the Company and STDM which set out a framework for the provision of property related services by the Group to the STDM Group on an ongoing basis.

(1) REVISION OF ANNUAL CAP ON THE CTSHK COMMISSIONS FOR 2012

On 4 February 2010, STCTS and CTSHK entered into the CTSHK Agency Agreement to continue to appoint CTSHK as a non-exclusive joint general sales agent for STCTS in respect of the sale of Ferry Tickets for the CTSHK Commissions. As set out in the Announcement, the annual cap in respect of the CTSHK Commissions for the year ending 31 December 2012 was set at HK\$37.6 million.

With reference to the actual amount of the CTSHK Commissions paid and payable during the ten months ended 31 October 2012 and the current business forecast for the remaining two months of the year, it is expected that the annual cap for the year ending 31 December 2012 as previously announced will be exceeded. The Company has therefore revised such annual cap to HK\$44.0 million.

Listing Rules Implications

CTSHK is a subsidiary of China Travel, which is a substantial shareholder of STCTS, a non-wholly owned subsidiary of the Company. CTSHK is therefore a connected person of the Company at subsidiary level under the Listing Rules. The transactions contemplated under the CTSHK Agency Agreement were carried out on an ongoing basis and constituted continuing connected transactions of the Company under the Listing Rules.

Pursuant to Rule 14A.36(1) of the Listing Rules, where a previously announced annual cap is exceeded, the Company must re-comply with the reporting, announcement and/or independent Shareholders' approval requirements under Rules 14A.35(3) and 14A.35(4) of the Listing Rules.

As the Revised 2012 Commission Cap exceeds 1% but is less than 5% of the applicable percentage ratios (other than the profits ratio) as defined in Rule 14.07 of the Listing Rules, the transactions contemplated under the CTSHK Agency Agreement are subject to the reporting and announcement requirements,

but exempt from the independent Shareholders' approval requirements under the Listing Rules. Appropriate disclosure of the transactions and the Revised 2012 Commission Cap will also be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

(2) RENEWAL OF THE CTSHK AGENCY AGREEMENT

The CTSHK Agency Agreement will expire on 31 December 2012.

On 20 December 2012, STCTS and CTSHK entered into the Renewed CTSHK Agency Agreement, with terms substantially the same as those of the CTSHK Agency Agreement, to continue the appointment of CTSHK as STCTS's non-exclusive joint general sales agent for the sale of Ferry Tickets. Details of the Renewed CTSHK Agency Agreement are as follows:

Date	20 December 2012
Parties	STCTS and CTSHK
Term	With effect from 1 January 2013 to 31 December 2015. The parties may thereafter renew the agreement for successive terms of three years by mutual agreement in writing.

Scope of Services

Pursuant to the Renewed CTSHK Agency Agreement, CTSHK will continue to be appointed as STCTS's non-exclusive joint general sales agent for the sale of Ferry Tickets in the PRC (including Hong Kong and Macau, but for the purpose of the Renewed CTSHK Agency Agreement, excluding Taiwan and the Terminal). CTSHK shall be del credere agent of STCTS and shall promote and market STCTS Ferry Services at its own costs. CTSHK will be liable to STCTS for the price of Ferry Tickets it issues, whether or not paid by the customers.

Consideration

In consideration of the sales agency and business development services provided by CTSHK, STCTS will continue to pay to CTSHK on a monthly basis the CTSHK Commissions equal to 2% of Net Total Sales.

Annual Caps for the CTSHK Commissions

For the two years ended 31 December 2010 and 2011 and the 10 months ended 31 October 2012, the amount of CTSHK Commissions paid and payable by STCTS to CTSHK were approximately HK\$27.2 million, HK\$33.2 million and HK\$34.7 million respectively.

The annual caps for the CTSHK Commissions are set at HK\$56.0 million, HK\$63.0 million and HK\$70.0 million for the three years ending 31 December 2013, 2014 and 2015 respectively. The annual caps have been determined by reference to (i) historical amounts of the CTSHK Commissions; (ii) the projection of Net Total Sales for the following three years after taking into consideration the market conditions and the anticipated number of tourists, business travelers and frequency of trips in the region leading to the anticipated business of STCTS Ferry Services; and (iii) the rate of the CTSHK Commissions.

Reasons for the Renewed CTSHK Agency Agreement

The continuing appointment of CTSHK as a non-exclusive joint general sales agent facilitates the promotion and distribution through bulk purchases of Ferry Tickets by tour groups and enhances the Group's passenger transportation business.

Listing Rules Implications

As mentioned in the section "(1) REVISION OF ANNUAL CAP ON THE CTSHK COMMISSIONS FOR 2012" of this announcement, CTSHK is a connected person of the Company at subsidiary level under the Listing Rules. The transactions contemplated under the Renewed CTSHK Agency Agreement will be carried out on an ongoing basis and therefore constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules.

Since the annual caps for the CTSHK Commissions payable to CTSHK for the years ending 31 December 2013, 2014 and 2015 exceed 1% but are less than 5% of the applicable percentage ratios (other than the profits ratio) as defined in Rule 14.07 of the Listing Rules, the entering into of the Renewed CTSHK Agency Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements under the Listing Rules but exempt from independent Shareholders' approval.

Appropriate disclosure of the Renewed CTSHK Agency Agreement 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 annual review requirements under Listing Rules.

(3) RENEWAL OF THE MASTER PROPERTY SERVICES AGREEMENT WITH STDM

As set out in the Announcement, on 4 February 2010, the Company entered into the Master Property Services Agreement with STDM to set out a framework for the provision of property related services by the Group to the STDM Group in respect of the properties as have been or may be designated by the STDM Group and agreed by the Group from time to time. The Master Property Services Agreement will expire on 31 December 2012.

On 20 December 2012, the Company and STDM entered into the Renewed Master Property Services Agreement, with terms substantially the same as those of the Master Property Services Agreement. The principal terms of the Renewed Master Property Services Agreement are as set out below:

Date	20 December 2012
Parties	the Company and STDM
Term	With effect from 1 January 2013 to 31 December 2015. The parties may thereafter renew the agreement for successive terms of three years by mutual agreement in writing.

Scope of Services

The property related services to be provided by the Group, on an ongoing basis, to the STDM Group's properties as have been or may be designated by the STDM Group and agreed by the Group include:

- (a) sales agency services;
- (b) leasing agency services;
- (c) property management services;
- (d) property cleaning; and
- (e) other property related services.

Major Terms

Pursuant to the Renewed Master Property Services Agreement, the Company and STDM agree that:

- (a) the existing agreements (including the MTCEC Management Agreement dated 14 December 2001) shall remain in full force and effect notwithstanding the terms of the Renewed Master Property Services Agreement;
- (b) save for the existing agreements, if the Group shall at the request of the STDM Group agree to renew the existing agreements or enter into any additional agreements or renewal agreements or other form of agreements which may be constituted by the acceptance of price quotations, sales orders or other written documents (“**Additional Agreements**”) to provide further property related services to the STDM Group, the Additional Agreements shall be in accordance with the terms of the Renewed Master Property Services Agreement and be subject to the subsequent terms and conditions determined at arm’s length negotiations between the Group and the STDM Group in relation to the provision of each particular service by reference to the prevailing market service fees. The Additional Agreements shall be recorded in writing for a fixed term of not more than three years (unless justified by special circumstances), on normal commercial terms or on terms no less favorable to the Group than terms made available to independent third parties; and
- (c) unless otherwise specifically agreed by the parties in writing, the provision of any property related services by the Group to the STDM Group shall be on a mutually non-exclusive basis.

Annual Caps for the aggregate service fees under the Renewed Master Property Services Agreement

For the two years ended 31 December 2010 and 2011 and the 10 months ended 31 October 2012, the aggregate service fees received and receivable by the Group from the STDM Group under the Master Property Services Agreement (including the service fees for the operation and property management of the Macau Tower Convention & Entertainment Centre) amounted to approximately HK\$23.8 million, HK\$25.8 million and HK\$19.5 million respectively.

The annual caps for the aggregate service fees payable by the STDM Group to the Group under the Renewed Master Property Services Agreement are set at HK\$35.0 million, HK\$38.0 million and HK\$40.0 million for the three years

ending 31 December 2013, 2014 and 2015 respectively. The annual caps have been determined by reference to (i) historical amounts of service fees received from the STDM Group under the Master Property Services Agreement; (ii) the projected sales proceeds from the STDM Group's properties and the rate of the sales commission; (iii) the projected annual rental and other revenue income; (iv) the projected property management fees from the STDM Group; and (v) the projected property cleaning service fees from the STDM Group; after taking into consideration the market conditions and demand for relevant services.

Reasons for the Renewed Master Property Services Agreement

The entering into of the Renewed Master Property Services Agreement will continue to set out a framework for the provision of property related services which may be provided by the Group to the STDM Group from time to time. Such agreement enables the Group to expand its customer base of and increase revenue from the relevant property related services.

Listing Rules Implications

STDM is a substantial shareholder of Interdragon, a non-wholly owned subsidiary of the Company, and is therefore a connected person of the Company at subsidiary level under the Listing Rules. The property related services under the Renewed Master Property Services Agreement will be carried out on an ongoing basis and therefore constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules.

Since the annual caps for the aggregate service fees receivable by the Group from the STDM Group for the years ending 31 December 2013, 2014 and 2015 exceed 1% but are less than 5% for the applicable percentage ratios (other than the profits ratio) as defined in Rule 14.07 of the Listing Rules, the entering into of the Renewed Master Property Services Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements under the Listing Rules but exempt from independent Shareholders' approval.

Appropriate disclosure of the Renewed Master Property Services Agreement 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 annual review requirements under Listing Rules.

GENERAL

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

The principal businesses of the China Travel group include travel agency and related operations, tourist attraction, hotels, passenger transportation, golf club, arts performance and power generation.

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.

The terms of each of the CTSHK Agency Agreement, the Renewed CTSHK Agency Agreement and the Renewed Master Property Services Agreement are/were arrived at after arm's length negotiations between the relevant parties. The Directors consider that the entering into of each of the CTSHK Agency Agreement, the Renewed CTSHK Agency Agreement and the Renewed Master Property Services Agreement is in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole and that the Revised 2012 Commission Cap is fair and reasonable.

As far as the Company is aware and based on the information available to the Company as of the date of this announcement, no Director has any material interest in the transactions under the CTSHK Agency Agreement and the Renewed CTSHK Agency Agreement, therefore none of them is required to abstain from voting on the board resolutions approving the Revised 2012 Commission Cap and the Renewed CTSHK Agency Agreement and the transactions contemplated thereunder.

Dr. Stanley Ho, Dato' Dr. Cheng Yu Tung, Mrs. Louise Mok, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum, all being Directors, have beneficial interests in STDM. Dr. Stanley Ho is a director of STDM. Each of Ms. Pansy Ho, Ms. Daisy Ho and Mr. David Shum is an appointed representative of the corporate directors of STDM. All the aforesaid named Directors have abstained from voting on the board resolutions to approve the Renewed Master Property Services Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 4 February 2010 in relation to, among other things, the CTSHK Agency Agreement and the Master Property Services Agreement
“China Travel”	China Travel International Investment Hong Kong Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 308)
“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)
“CTSHK”	China Travel Service (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of China Travel
“CTSHK Agency Agreement”	the joint general sales agent and business development agreement dated 4 February 2010 entered into between STCTS and CTSHK in connection with the sale of Ferry Tickets by CTSHK as joint general sales agent for STCTS
“CTSHK Commissions”	the commissions, equivalent to 2% of Net Total Sales, payable by STCTS to CTSHK pursuant to the CTSHK Agency Agreement and the Renewed CTSHK Agency Agreement
“Director(s)”	the director(s), including independent non-executive director(s), of the Company
“Ferry Tickets”	tickets for the STCTS Ferry Services
“Group”	the Company together with 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 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 PRC
“Master Property Services Agreement”	the agreement dated 4 February 2010 entered into between the Company and STDM in relation to the provision of property related services by the Group to the STDM Group
“MTCEC Management Agreement”	the agreement dated 14 December 2001 entered into between Shun Tak Management Services Group Limited (“STMSG”), an indirect wholly-owned subsidiary of the Company, and STDM in relation to the provision of operational and property management service for the Macau Tower Convention & Entertainment Centre by STMSG
“Net Total Sales”	total receipts from customers for the sale of Ferry Tickets on all routes of STCTS Ferry Services less any discounts and concessions on ferry tickets agreed by STCTS, and any taxes, fees or levies paid thereon to any government or ferry terminal operator
“PRC”	The People’s Republic of China
“Shareholder(s)”	the holder(s) of the shares of HK\$0.25 each in the issued share capital of the Company
“Revised 2012 Commission Cap”	the revised annual cap of HK\$44.0 million for the CTSHK Commissions for the year ending 31 December 2012 under the CTSHK Agency Agreement
“Renewed CTSHK Agency Agreement”	the joint general sales agent and business development agreement dated 20 December 2012 entered into between STCTS and CTSHK to continue to appoint CTSHK as the non-exclusive joint general sales agent for the sale of Ferry Tickets

“Renewed Master Property Services Agreement”	the agreement dated 20 December 2012 entered into between the Company and STDM in relation to the renewal of the Master Property Services Agreement for the provision of property related services by the Group to the STDM Group
“STCTS”	Shun Tak - China Travel Shipping Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a non-wholly owned subsidiary of the Company, with 71% of its issued share capital directly owned by Interdragon and the remaining 29% issued share capital indirectly owned by China Travel
“STCTS Ferry Services”	the ferry services operated by STCTS and its subsidiaries in the context of which the Ferry Tickets are sold
“STDM”	Sociedade de Turismo e Diversões de Macau, S.A., a company incorporated in Macau
“STDM Group”	STDM and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terminal”	Macau Outer Harbour Terminal, Macau
“%”	per cent.

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

Hong Kong, 21 December 2012

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