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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 STD  
EXTENSION OF FERRY TICKET TRANSACTIONS AND  
FUEL ARRANGEMENT**

**Ferry Ticket Transactions**

On 25 October 2013, STCTS (an indirect non-wholly owned subsidiary of the Company) entered into the Ticketing Agreement with STD to continue to sell to STD Group the Ferry Tickets at a Discount for a bulk purchase of Ferry Tickets by STD Group for its own account for a further period of three years from 1 January 2014 until 31 December 2016.

**Fuel Arrangement**

On 25 October 2013, STCTS entered into the FAA Extension Agreement with STD to continue STD's appointment to supply and load Fuel onto STCTS Vessels for a further period of three years from 1 January 2014 until 31 December 2016.

### **Implications under the Listing Rules**

STDM, being a substantial shareholder of Interdragon, is a connected person of the Company at subsidiary level under the Listing Rules. Pursuant to the Ticketing 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 2014 to 31 December 2016 and will constitute continuing connected transactions of the Company under the Listing Rules.

The Ticketing Agreement is subject to the reporting, announcement requirements, but exempt from the Independent Shareholders' approval requirement under the Listing Rules. The FAA Extension is subject to the reporting, announcement requirements and Independent Shareholders' approval requirement 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 Independent Board Committee has been formed to consider and advise the Independent Shareholders on the FAA Extension and the transactions thereunder (including their annual caps). An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the FAA Extension and the transactions thereunder (including their annual caps).

A circular containing, among other things, further information in respect of 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 15 November 2013.

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 28 October 2010 and the circular of the Company dated 18 November 2010 in relation to, among other things, the STDM Agency Agreement which will expire on 31 December 2013. On 25 October 2013, STCTS entered into the Ticketing Agreement with STDM to continue the Ferry Ticket Transactions for a further period of three years from 1 January 2014 to 31 December 2016.

**The Ticketing Agreement**

**Date** 25 October 2013

**Parties** STCTS and STDM

**Term** The Ticketing Agreement will take effect from 1 January 2014 for three years until 31 December 2016, 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 Ticketing Agreement for further period of three years or such other period as may be mutually agreed.

**Nature of Ferry Ticket Transactions and the Consideration**

**STDM Ticket Purchases at the Discount**

STDM Group has been one of the largest customers for Ferry Tickets of the Group in recent years as a bulk purchaser of Ferry Tickets for its own account. Pursuant to the Ticketing Agreement, STCTS will continue to grant to STDM Group the Discount of 5% of the price of such Ferry Tickets. The STDM Ticket Purchases are on normal commercial terms and at the prevailing market rate. The Discount is given in the normal course of business 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 2011 and 2012 and the nine months ended 30 September 2013 respectively:

<b>Financial year/period ended</b>	<b>STDM Ticket Purchases</b> (before Discount) <i>HK\$' million</i>	<b>Discount to STDM</b> <i>HK\$' million</i>
31 December 2011	132.7	6.6
31 December 2012	108.4	5.4
Nine months ended 30 September 2013	96.8	4.8

## Proposed Annual Caps

Set out below are the proposed new annual caps on the Ferry Ticket Transactions under the Ticketing Agreement for the financial years ending 31 December 2014, 2015 and 2016 respectively:

<b>Financial year ending</b>	<b>STDM Ticket Purchases</b> (before Discount) <i>HK\$' million</i>	<b>Discount to STDM</b> <i>HK\$' million</i>
31 December 2014	174.3	8.7
31 December 2015	183.0	9.2
31 December 2016	192.2	9.6

The new annual caps proposed above are determined with reference to (i) the historical amounts of the STDM Ticket Purchases and Discount for the two financial years ended 31 December 2011 and 2012 and the first nine months of 2013; and (ii) the estimated value of STDM Ticket Purchases and Discount granted thereon during each of the three years ending 31 December 2014, 2015 and 2016 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 28 October 2010 and the circular of the Company dated 18 November 2010 in relation to, among other things, the Fuel Arrangement Agreement which will expire on 31 December 2013. On 25 October 2013, 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 2014 to 31 December 2016.

### **The FAA Extension Agreement**

**Date** 25 October 2013

**Parties** STCTS and STDM

**Term** The FAA Extension Agreement will take effect from 1 January 2014 for three years until 31 December 2016 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 operating fuel supply and storage system at the Terminal and has been supplying Fuel to STCTS for over 16 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 2011 and 2012 and the nine months ended 30 September 2013 amounted to HK\$363.0 million, HK\$407.2 million and HK\$328.4 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 2014, 2015 and 2016 respectively:

<b>Financial year ending</b>	<b>Fuel Arrangement Fee</b> <i>HK\$' million</i>
31 December 2014	589.0
31 December 2015	589.0
31 December 2016	589.0

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 2011 and 2012 and the first nine months of 2013; (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 2014, 2015 and 2016, 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 TICKETING AGREEMENT AND THE FAA EXTENSION**

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. 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 Group has been one of the largest customers for the Ferry Tickets in recent years. The ongoing sale of Ferry Tickets to STDM in bulk quantity at the Discount under the Ticketing Agreement 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 TICKETING AGREEMENT AND THE FAA EXTENSION**

STDM, being a substantial shareholder of Interdragon, is therefore a connected person of the Company at subsidiary level under the Listing Rules. Pursuant to the Ticketing 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 2014 to 31 December 2016 and will constitute continuing connected transactions of the Company under the Listing Rules.

The Ticketing Agreement is subject to the reporting, announcement requirements, but exempt from the Independent Shareholders' approval requirement under Rules 14A.45 to 14A.48 of the Listing Rules. The FAA Extension is subject to the reporting, announcement requirements and Independent Shareholders' approval requirement 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) are of the view that the Ticketing Agreement and the transactions thereunder (including their 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 in the Company and the Shareholders as a whole.

The Directors (excluding the Abstained Directors) are of the view that the FAA Extension and the transactions thereunder (including their 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 and the view of the members of the Independent Board Committee will be contained in a circular which is expected to be despatched to the Shareholders no later than 15 November 2013 after taking into account the advice from the independent financial adviser.

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

A circular containing, among other things, further information in respect of 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 15 November 2013.



## DEFINITIONS

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

“Abstained Directors”	Being Dr. Stanley Ho, Dato’ Dr. Cheng Yu Tung, Mrs. Louise Mok, Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho and Mr. David Shum who have not given any opinion and have abstained from voting on the board resolutions in respect of the Ticketing Agreement and the FAA Extension in view of their respective interests in STDM
“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 Group to STDM Group on the STDM Ticket Purchases pursuant to the Ticketing Agreement
“EGM”	an extraordinary general meeting to be convened by the Company for the purposes of considering and (if thought fit) approving the FAA Extension and the respective transactions contemplated thereunder (including the 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 STDM on 25 October 2013 to renew the Fuel Arrangement Agreement
“Ferry Tickets”	tickets for the STCTS Ferry Services

“Ferry Ticket Transactions”	the STDM Ticket Purchases at the Discount pursuant to the Ticketing Agreement
“Fuel”	marine industrial diesel oil
“Fuel Arrangement”	the supply and loading of Fuel onto STCTS Vessels at the Terminal by STDM pursuant to the Fuel Arrangement Agreement
“Fuel Arrangement Agreement”	the fuel arrangement agreement entered into between STCTS and STDM in relation to the Fuel Arrangement dated 23 December 2004, as amended by a letter agreement dated 12 November 2007 and 28 October 2010
“Fuel Arrangement Fee”	the fee payable by STCTS to STDM for the supply and loading of Fuel onto STCTS Vessels
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising Sir Roger Lobo, Mr. Norman Ho, Mr. Charles Ho and Mr. Michael Ng, being all the independent non-executive Directors, which has been established to advise the Independent Shareholders in respect of the FAA Extension and the transactions thereunder (including their annual caps)
“Independent Shareholders”	Shareholders (other than (1) Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Mrs. Louise Mok, Shun Tak Shipping Company, Limited and those of its subsidiaries, Renita Investments Limited and Oakmount Holdings Limited which are Shareholders; and (2) any other Shareholders (if any) with a material interest in the FAA Extension) who are not required to abstain from voting at the EGM or any adjourned meeting thereof for approving the FAA Extension and the transactions thereunder (including their 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
“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
“STDM”	Sociedade de Turismo e Diversões de Macau, S.A., a company incorporated in Macau
“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, 12 November 2007 and 28 October 2010 respectively
“STDM Group”	STDM and its subsidiaries
“STDM Ticket Purchases”	the bulk purchase of Ferry Tickets by STDM Group from the STCTS Group for its own account
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Terminal”

Macau Outer Harbour Terminal, Macau

“Ticketing Agreement”

the ticketing agreement entered into between STCTS and STDM on 25 October 2013 to continue the Ferry Ticket Transactions

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

Hong Kong, 25 October 2013

*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.*