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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
RENEWAL OF MASTER SERVICE AGREEMENT WITH MGM**

On 8 October 2010, the Company entered into the Renewed Master Service Agreement with MGM which provides a continuing framework for products and/or services which may be provided / demanded by the Group to / from the MGM Group from time to time. The MGM Transactions include:

- Sale of Ferry Tickets to the MGM Group;
- Sale of travel products to the MGM Group;
- Rental of hotel rooms to the MGM Group;
- Provision of laundry services to the MGM Group;
- Provision of advertising services to the MGM Group;
- Provision of property cleaning services to the MGM Group; and
- Rental of Hotel Rooms to the Group.

MGM is an associate (as defined under the Listing Rules) of Ms. Pansy Ho, who is the managing director and a substantial Shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules.

The Renewed Master Service Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules and are subject to reporting and announcement requirements but are exempt from independent Shareholders' approval. Such transactions are also subject to annual review requirements and appropriate disclosure will be made in the annual reports and accounts of the Company under the Listing Rules.

Reference is made to the announcement of the Company dated 5 March 2008 regarding, among other things, the Existing Master Service Agreement executed on 4 March 2008 between MGM and the Company. As set out in that announcement, the Existing Master Service Agreement provides a framework for products and/or services which may be provided / demanded by the Group to / from the MGM and its subsidiaries from time to time. The Existing Master Service Agreement will expire on 31 December 2010.

On 8 October 2010, MGM and the Company entered into the Renewed Master Service Agreement with terms substantially the same as those of the Existing Master Service Agreement to continue to set out a framework for products and/or services which may be provided / demanded by the Group to / from the MGM Group from time to time upon the expiry of the Existing Master Service Agreement. Terms of each specific service will be further detailed separately in an agreement or a service contract which may be constituted by the acceptance of a price quotation, sales orders or other written documents. The principal terms of the Renewed Master Service Agreement are set out below:

Date	8 October 2010
Parties	MGM and the Company
Term	With effect from 1 January 2011 to 31 December 2013 and thereafter renewable for successive terms of three years by mutual agreement in writing. Agreements or service contracts entered into under the Renewed Master Service Agreement will be in writing for a fixed term of not more than 3 years.

The MGM Transactions

The products and/or services to be provided by the Group to the MGM Group under the Renewed Master Service Agreement include:

- Sale of Ferry Tickets;

- Sale of travel products;
- Rental of hotel rooms;
- Provision of laundry services;
- Provision of advertising services; and
- Provision of property cleaning services.

The products and/or services to be provided by the MGM Group to the Group under the Renewed Master Service Agreement include rental of Hotel Rooms to ST Travel.

Consideration and Annual Caps for the Renewed Master Service Agreement

The Group and the MGM Group have entered into and may continue to enter into agreements or service contracts with details of the service scope and fees determined / to be determined at arm's length negotiations between the relevant member(s) of the Group and the relevant member(s) of the MGM Group by reference to prevailing market prices and on normal commercial terms.

For the two years ended 31 December 2008 and 2009 and the eight months ended 31 August 2010, the aggregate revenue received by the Group from the MGM Group for agreements and service contracts made under the Existing Master Service Agreement amounted to approximately HK\$33.6 million, approximately HK\$49.2 million and approximately HK\$39.4 million respectively and the aggregate expenses paid by the Group to the MGM Group for agreements and service contracts made under the Existing Master Service Agreement amounted to approximately HK\$6.3 million, approximately HK\$3.0 million and approximately HK\$0.6 million respectively.

Set out below are the annual caps on Revenue and Expenses in respect of the MGM Transactions proposed for the three financial years ending 31 December 2011, 2012 and 2013 respectively:

Financial year ending	Annual cap on Revenue <i>HK\$'million</i>	Annual cap on Expenses <i>HK\$' million</i>
31 December 2011	128.0	3.5
31 December 2012	132.0	4.0
31 December 2013	135.0	4.5

The annual caps on Revenue proposed above have been determined by reference to (i) historical amounts of revenue received for agreements made under the Existing Master Service Agreement; and (ii) the estimated quantity of Ferry Tickets and the

volume of services in respect of travel agency services, rental of hotel rooms, laundry services, advertising services and property cleaning services which may be required by the MGM Group during each of the three years ending 31 December 2011, 2012 and 2013. The annual caps on Expenses proposed above have been determined by reference to (i) historical amounts of expenses paid for agreement made under the Existing Master Service Agreement; (ii) the anticipated demand for the relevant travel products from the customers of the Group; and (iii) the anticipated room rates for Hotel Rooms during each of the three years ending 31 December 2011, 2012 and 2013.

Reasons for the Renewed Master Service Agreement

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.

ST Travel is an indirect wholly-owned subsidiary of the Company and is engaged in the business of providing travel packages, travel agency and other related services.

MGM is a company incorporated in Macau principally engaged in developing and operating casinos, hotels and resort facilities. It owns and operates the Hotel which is located at a prime site in Macau with facilities including hotel rooms, restaurants, event and meeting facilities, spa and casino. The Hotel has been a popular tourist venue in Macau.

The Renewed Master Service Agreement will continue to provide a framework for products and/or services which may be provided / demanded by the Group to / from the MGM Group from time to time upon the expiry of the Existing Master Service Agreement. Such master agreement enables the Group to capitalize on the burgeoning hospitality industry in Macau, maintain the customer base of the Group's ferry business and hospitality-related business, and enhance its overall revenue. The Group can also expand its travel agency business by arranging travel products including the Hotel. The terms of the Renewed Master Service Agreement are arrived at after arm's length negotiations between the relevant parties. The Directors (excluding the Abstained Directors) consider that the entering into of the Renewed Master Service Agreement is in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms of the Renewed Master Service Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

MGM is a company owned as to 50% by Ms. Pansy Ho, who is the managing director and a substantial Shareholder of the Company. Accordingly, MGM is an associate (as defined under the Listing Rules) of Ms. Pansy Ho and is therefore a connected person of the Company under the Listing Rules.

The transactions contemplated under the Renewed Master Service Agreement will be on an ongoing basis and constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules. Since the respective annual caps for Revenue and Expenses for the years ending 31 December 2011, 2012 and 2013 exceed 0.1% 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 Service Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but exempt from independent Shareholders' approval. Such transactions are also subject to annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules and appropriate disclosure will be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

DEFINITIONS

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

“Abstained Directors”	Ms. Pansy Ho, who has not given any opinion and has abstained from voting on the board resolutions on the Renewed Master Service Agreement in view of her interest in the MGM Group as disclosed in this announcement, as well as Dr. Stanley Ho, Ms. Daisy Ho, Ms. Maisy Ho (all being Directors and immediate family members of Ms. Pansy Ho), and Mrs. Louise Mok (being a Director and aunt of Ms. Pansy Ho) who have also not given any opinion and have abstained from voting on the board resolutions on the Renewed Master Service Agreement in view of their relationships with Ms. Pansy Ho
“Board”	the board of Directors

“Company”	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Stock Exchange (stock code: 242)
“Director(s)”	the director(s), including the independent non-executive director(s), of the Company
“Existing Master Service Agreement”	the master service agreement dated 4 March 2008 between MGM and the Company which provides a framework for products and/or services which may be provided / demanded by the Group to / from the MGM and its subsidiaries from time to time
“Expenses”	the consideration payable by the Group to the MGM Group for the transactions contemplated under the Renewed Master Service Agreement
“Ferry Tickets”	tickets for the ferry services provided by the Group connecting certain ports in the Pearl River Delta
“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
“Hotel”	the MGM Grand Macau Hotel
“Hotel Rooms”	the guestrooms of the Hotel
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“MGM”	MGM Grand Paradise Limited, a company incorporated in Macau and indirectly owned as to 50% by Ms. Pansy Ho
“MGM Group”	MGM together with its affiliates, which includes its holding company(ies), subsidiary(ies) or any subsidiary(ies) of its holding company(ies)

“MGM Transactions”	the transactions between the Group and the MGM Group which will be carried out on an ongoing basis pursuant to the Renewed Master Service Agreement, including the various products and/or services to be provided by the Group to the MGM Group and rental of Hotel Rooms by the MGM Group to the Group
“PRC”	The People’s Republic of China
“Renewed Master Service Agreement”	the agreement dated 8 October 2010 between the Company and MGM which serves to provide a framework for the MGM Transactions
“Revenue”	the consideration receivable by the Group from the MGM Group for the transactions contemplated under the Renewed Master Service 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)
“ST Travel”	Shun Tak Travel Services Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 8 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.