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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) APPLICATION OF EXEMPTION UNDER THE LISTING RULES
TO CERTAIN EXISTING CONTINUING CONNECTED TRANSACTIONS
AND
(2) RENEWAL OF THE KIU LOK CONSULTANCY AGREEMENT**

**(1) APPLICATION OF EXEMPTION UNDER THE LISTING RULES TO CERTAIN
EXISTING CONTINUING CONNECTED TRANSACTIONS**

(i) MASTER LEASING AGREEMENTS WITH STDM AND STC

The STDM Master Leasing Agreement and STC Master Leasing Agreement, as disclosed in the Announcement, regulate the property leasing relationships between the Group and STDM Group and between the Group and STC respectively.

Under the Amended Listing Rules, the threshold for de minimis exemption under Rule 14A.33(3)(b) for continuing connected transactions involving person connected only at the subsidiary level has been revised from 0.1% to 1%.

The Company applies with immediate effect the exemption under Rule 14A.33(3)(b) to the Leases and the Master Leasing Agreements. Following the application, the Leases and the Master Leasing Agreements will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as long as the Leases and the Master Leasing Agreements satisfy the requirement under Rule 14A.33(3)(b).

(ii) WINCENT AGENCY AGREEMENT

The Wincent Agency Agreement, as disclosed in the Announcement, continues the appointment of Wincent as a non-exclusive general sales agent for STCTS in respect of the sale of Ferry Tickets.

Under the Amended Listing Rules, a non wholly-owned subsidiary of a listed issuer which is an Associate of a connected person connected only at the subsidiary level is, under Rule 14A.12A(1)(b), no longer a connected person of a listed issuer for the purpose of Chapter 14A of the Listing Rules.

STCTS, being an indirect non-wholly owned subsidiary of the Company and an Associate of STD M, is no longer a connected person of the Company under Rule 14A.12A(1)(b). Therefore, the continuing transactions between the Group and STCTS no longer constitute continuing connected transactions of the Group and are no longer subject to the reporting, annual review, announcement and independent shareholders' approval requirements according to Chapter 14A of the Listing Rules.

(2) RENEWAL OF THE KIU LOK CONSULTANCY AGREEMENT

On 30 June 2011, STP executed the Renewed Consultancy Agreement with Kiu Lok to continue the appointment of Kiu Lok as a consultant to STP in respect of managing the Property.

(1) APPLICATION OF EXEMPTION UNDER THE LISTING RULES TO CERTAIN EXISTING CONTINUING CONNECTED TRANSACTIONS

(i) MASTER LEASING AGREEMENTS WITH STD M AND STC

The STD M Master Leasing Agreement and STC Master Leasing Agreement, as disclosed in the Announcement, regulate the property leasing relationships between the Group and STD M Group and between the Group and STC respectively.

STD M holds a 40% shareholding interest in Interdragon, a non-wholly owned subsidiary of the Company, and is therefore a connected person of the Company connected at the subsidiary level under the Listing Rules. NWD is a substantial shareholder of Ranex, another non-wholly owned subsidiary of the Company, and is therefore also a connected person of the Company connected at the subsidiary level under the Listing Rules.

STC is beneficially owned as to 10% by Dr. Stanley Ho, the Group Executive Chairman, 45% by STD M and 45% by a subsidiary of NWD respectively. Since STC is an Associate of both STD M and NWD, it is accordingly a connected person of the Company connected at the subsidiary level under the Listing Rules.

The Leases and the Master Leasing Agreements are on an ongoing basis and constitute continuing connected transactions for the Company under Rule 14A of the Listing Rules.

With the Amended Listing Rules coming into effect on 3 June 2010, the threshold for de minimis exemption under Rule 14A.33(3)(b) of the Listing Rules for continuing connected transactions involving person connected only at the subsidiary level has been revised from 0.1% to 1%.

On the basis that:

- (i) the Leases and the Master Leasing Agreements are entered into on normal commercial terms;
- (ii) STDM and STC are now connected persons of the Company connected only at the subsidiary level; and
- (iii) all the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profit ratio) in respect of the annual caps of the STDM Master Leasing Agreement and STC Master Leasing Agreement respectively are less than 1%;

the Leases and the Master Leasing Agreements constitute de minimis transactions under Rule 14A.33(3)(b) of the Listing Rules.

The Company applies with immediate effect the exemption under Rule 14A.33(3)(b) of the Listing Rules to the Leases and the Master Leasing Agreements. Following the application, the Leases and the Master Leasing Agreements will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as long as the Leases and the Master Leasing Agreements satisfy the requirement under Rule 14A.33(3)(b) of the Listing Rules.

(ii) WINCENT AGENCY AGREEMENT

The Wincent Agency Agreement, as disclosed in the Announcement, continues the appointment of Wincent as a non-exclusive general sales agent for STCTS in respect of the sale of Ferry Tickets.

With the Amended Listing Rules coming into effect on 3 June 2010, a non wholly-owned subsidiary of a listed issuer which is an Associate of a connected person connected only at the subsidiary level is, under Rule 14A.12A(1)(b) of the Listing Rules, no longer a connected person of a listed issuer for the purpose of Chapter 14A of the Listing Rules.

Since, as mentioned above, STDM is currently a connected person of the Company connected only at the subsidiary level, STCTS, being an indirect non-wholly owned subsidiary of the Company and an Associate of STDM, is no longer a connected person of the Company under Rule 14A.12A(1)(b) of the Listing Rules. Therefore, the continuing transactions between the Group and STCTS no longer constitute continuing connected transactions of the Group and are no longer subject to the reporting, annual review, announcement and independent shareholders' approval requirements according to Chapter 14A of the Listing Rules.

(2) RENEWAL OF THE KIU LOK CONSULTANCY AGREEMENT

As set out in the Announcement, STP has been managing the Property since 1986 and Kiu Lok has been a consultant to STP since 1987 to advise and assist in its management of the Property. The consultancy agreement executed by STP and Kiu Lok on 4 February 2010 expired on 3 March 2011. On 30 June 2011, STP executed the Renewed Consultancy Agreement with Kiu Lok to continue the appointment of Kiu Lok as a consultant to STP on the following principal terms:

Date	30 June 2011
Parties	(i) STP (as manager of the Property); and (ii) Kiu Lok (as consultant to STP)
Term	Takes effect from 4 March 2011 to 3 March 2013

Scope of Services

Kiu Lok will continue to advise STP under the Renewed Consultancy Agreement on such matters as may be necessary or requisite for the proper management of the Property, including, among other things, maintaining and improving facilities and services at the Property, collecting monies payable by owners at the Property and recruiting staff for managing the Property.

Consideration

In consideration for Kiu Lok's services, STP will continue to pay on a monthly basis the Consultancy Fee which amounts to 50% of the Manager's Remuneration.

Annual Caps for the Renewed Consultancy Agreement

For the two years ended 31 December 2009 and 2010 and the 5 months ended 31 May 2011, the Consultancy Fee paid to Kiu Lok was HK\$5.4 million, HK\$4.5 million and HK\$1.7 million respectively, representing 50% of the Manager's Remuneration received by STP. The Manager's Remuneration is determined with reference to expenditures incurred by STP in managing the Property. Based on the estimated Manager's Remuneration receivable by STP by taking into account (i) the historical amounts of the Manager's Remuneration; (ii) the estimated expenditures to be incurred by STP in managing the Property for the period from 4 March 2011 to 31 December 2011, the year ending 31 December 2012 and the period from 1 January 2013 to 3 March 2013 after taking into consideration the market conditions; and (iii) Kiu Lok's share of the Manager's Remuneration, the annual caps for the Consultancy Fee for the years ending 31 December 2011 and 2012 and the period from 1 January 2013 to 3 March 2013 are set at HK\$6.2 million, HK\$7.0 million and HK\$1.8 million respectively.

Reasons for the Renewed Consultancy Agreement

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

STP is engaged in the business of property management.

Kiu Lok is a company providing property management services.

Engagement of Kiu Lok's consultancy services enables STP to manage the Property more efficiently.

The terms of the Renewed Consultancy Agreement are arrived at after arm's length negotiations between the parties. The Directors consider that the entering into of the Renewed Consultancy Agreement is in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms of the Renewed Consultancy Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications of the Renewed Consultancy Agreement

Kiu Lok is beneficially owned as to 90% by Mr. Doo Wai Hoi, the son-in-law and therefore an Associate of Dato' Dr. Cheng, a non-executive director of the Company. Kiu Lok is therefore a connected person of the Company under Rule 14A.11(4)(c)(ii) of the Listing Rules. The consultancy services provided by Kiu Lok under the Renewed Consultancy Agreement will be on an ongoing basis and constitute continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules. Since the annual caps for the Consultancy Fee for the years ending 31 December 2011 and 2012 exceed 0.1% but 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 Consultancy Agreement is therefore subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but exempt from independent Shareholders' approval. Appropriate disclosure of this transaction will be made in the annual reports and accounts of the Company in accordance with the Listing Rules and such transaction will also be subject to annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules.

Other than the Abstained Director, no Director has any material interest in the Renewed Consultancy Agreement and therefore none of them is required to abstain from voting on the board resolution approving the Renewed Consultancy Agreement.

DEFINITIONS

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

“Abstained Director”	Dato’ Dr. Cheng, being a non-executive Director of the Company, who has not given any opinion and has abstained from voting on the board resolution approving the Renewed Consultancy Agreement in view of the interests of him or his Associate in Kiu Lok
“Amended Listing Rules”	the amended Listing Rules, in particular Chapter 14A thereof, which came into effect on 3 June 2010
“Announcement”	the announcement of the Company dated 4 February 2010
“Associate”	bears the meaning as defined in the Listing Rules
“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)
“Consultancy Fee”	The consultancy fee payable by STP to Kiu Lok under the Renewed Consultancy Agreement
“Dato’ Dr. Cheng”	Dato’ Dr. Cheng Yu Tung, the non-executive Director of the Company
“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
“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%
“Kiu Lok”	Kiu Lok Service Management Company Limited, a company incorporated in Hong Kong with limited liability and is owned as to 90% by Mr. Doo Wai Hoi, the son-in-law and therefore an Associate of Dato’ Dr. Cheng
“Leases”	the existing property leasing agreements entered into and any other property leasing agreements to be entered into between the Group and STC (or members of the STDM Group, as the case may be) with terms in accordance with the STC Master Leasing Agreement (or the STDM Master Leasing Agreement, as the case may be)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Agreement”	the agreement dated 3 March 2011 entered into between STP and the owners’ committee of the Property for the provision of property management services by STP
“Manager’s Remuneration”	the manager’s remuneration receivable by STP under the Management Agreement
“Master Leasing Agreements”	The STDM Master Leasing Agreement and the STC Master Leasing Agreement
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 17)
“PRC”	The People’s Republic of China
“Property”	Shun Tak Centre, comprising two office towers named as West Tower and East Tower (or China Merchants Tower) and a shopping mall and multi-storey car park, located at Nos. 168-200, Connaught Road Central, Hong Kong
“Ranex”	Ranex Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company, in which the Company indirectly owns 51% and NWD owns 10%
“Renewed Consultancy Agreement”	The agreement dated 30 June 2011 entered into between STP and Kiu Lok for the provision of consultancy services by Kiu Lok in connection with the management of the Property
“Shareholders”	the shareholder(s) of the Company
“STC”	Shun Tak Centre Limited, a company incorporated in Hong Kong with limited liability and a connected person of the Company under the Listing Rules
“STC Master Leasing Agreement”	the agreement dated 4 February 2010 entered into between the Company and STC for the leasing of premises at the Property
“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

“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 and a substantial shareholder of Interdragon
“STDM Group”	STDM and its subsidiaries
“STDM Master Leasing Agreement”	the agreement dated 4 February 2010 entered into between the Company and STDM for the leasing of various premises of which members of the STDM Group are the owners or permitted licensors
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“STP”	Shun Tak Properties Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Wincent”	Wincent Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Wincent Agency Agreement”	the joint general sales agent and business development agreement dated 4 February 2010 entered into between STCTS and Wincent in connection with the sale of Ferry Tickets by Wincent as joint general sales agent for STCTS

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

Hong Kong, 4 July 2011

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.