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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>

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
PASSENGER FERRY BUSINESS FROM NWFH**

On 11 August 2011, STCTS (as the purchaser), a non-wholly owned subsidiary of the Company, entered into the SPA with NWFH (as the vendor) to acquire the entire issued share capital of NWFF and NFTMP and the shareholder's loan advanced to NWFF, for a consideration of HK\$350 million (subject to adjustment).

NWFF Group and NFTMP Group currently operate passenger ferry business between Hong Kong and Macau (Outer Port Terminal).

The Acquisition constitutes a discloseable and connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

As far as the Company is aware and based on the information available to the Company as of the date of this announcement, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. Written independent Shareholders' approval of the Acquisition has been obtained from a closely allied group of Shareholders who together hold approximately 53.45% of the issued share capital of the Company as at the date of this announcement. An application for a waiver from the requirement to convene a Shareholders' meeting under Rule 14A.43 of the Listing Rules has been made to the Stock Exchange by the Company and it is expected that no Shareholders' meeting will be required.

A circular containing, among other things, further information on the Acquisition, the letter of advice from the Independent Board Committee and the letter of advice from the independent financial adviser regarding the terms of the SPA and the transactions contemplated thereunder and the valuation report of the Vessels is expected to be despatched to the Shareholders no later than 1 September 2011.

THE SPA

Date 11 August 2011

Parties

Purchaser: STCTS (a non-wholly owned subsidiary of the Company)

Vendor: NWFH (a connected person of the Company under the Listing Rules)

Pursuant to the SPA, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sales Shares and the Shareholder's Loan free from encumbrance for the Consideration.

Assets to be acquired

NWFF Group and NFTMP Group, the subject of the Acquisition, currently operate passenger ferry business between Hong Kong and Macau (Outer Port Terminal).

The major assets of NWFF Group and NFTMP Group as at Completion will be (i) the Vessels currently operated by NWFF Group to carry out the Ferry Business, (ii) the license granted by the Macau Government for operating the Ferry Business and (iii) other operating assets, net of liabilities, as agreed between the Purchaser and the Vendor to be retained by NWFF Group and NFTMP Group after completion of the Restructuring.

Consideration

The Base Consideration shall be paid by the Purchaser to the Vendor in cash upon Completion.

The Base Consideration represents the value of the Vessels and the license granted by the Macau Government for operating the Ferry Business as agreed between the Vendor and the Purchaser. According to the preliminary independent valuation of the Vessels prepared by Savills Valuation and Professional Services Limited, the market value of the Vessels as at 20 June 2011 was HK\$360 million, being at a premium of approximately 2.9% above the Base

Consideration. Transaction approach was adopted in arriving at the market value assuming a prompt charter-free delivery between a willing seller and a willing buyer and with reference to the available transactions or secondhand price of the vessels in the market.

The Base Consideration will be adjusted with reference to the amount of net assets (other than the Vessels, the license granted by the Macau Government for operating the Ferry Business and the Shareholder's Loan) of NWFF Group and NFTMP Group as stated in the Completion Accounts. An amount equivalent to such net assets/liabilities shall be paid to (in case of net assets) or received from (in case of net liabilities) the Vendor within 10 business days following the date on which the Completion Accounts are agreed upon by the parties to the SPA. It is expected that the amount of upward adjustment (in case of net assets) to the Base Consideration will not exceed HK\$50 million.

The Consideration will be financed by STCTS's internal resources and bank borrowings.

NWFF and NFTMP were purchased by the Vendor in the form of shelf companies for a consideration equivalent to their respective paid up capital of US\$1 and MOP100,000. The original purchase cost of the Vessels (being the major assets held by NWFF Group and NFTMP Group in relation to the Ferry Business) to the Vendor was approximately HK\$398 million.

The audited profits of NWFF and NFTMP for the two previous financial years are as follow:

		Year ended 30 June 2010 (HK\$ million)	Year ended 30 June 2009 (HK\$ million)
NWFF:	Consolidated profit before income tax	21.7	34.9
	Consolidated profit after income tax	20.5	35.3
NFTMP:	Profit before income tax	0.5	0.1
	Profit after income tax	0.5	0.1

Conditions precedent

Completion of the SPA is conditional upon the following conditions having been fulfilled, or waived in writing by the Purchaser for any or all of the following conditions except (c), (d) and (f); or by the Vendor for condition (c):

- (a) the due diligence review of the commercial, legal, financial, tax and accounting matters in relation to the Ferry Business, NWFF Group and NFTMP Group having

- been carried out to STCTS's reasonable satisfaction;
- (b) the Purchaser having obtained survey reports in respect of each of the Vessels which confirm that the Vessels, including their operating system and equipment, are in good operating condition;
 - (c) the approval of the transactions contemplated by the SPA by the board of directors of the Purchaser and the executive committee of the board of Directors of the Company not later than 31 August 2011;
 - (d) Stock Exchange having waived the requirement for the Company to convene a shareholders' meeting to approve the SPA and the transactions contemplated thereunder or, if such waiver is not granted, the approval of the SPA and the transactions contemplated thereunder by the independent Shareholders at a shareholders' meeting of the Company;
 - (e) the board of directors of each of the Vendor and NWST having, not later than 31 August 2011, approved the SPA and the transactions contemplated thereunder;
 - (f) the Vendor having obtained written consent of the lenders under a syndicated loan agreement entered into on 18 March 2009 by NWST as borrower for the disposal of the Sale Shares and the release of the existing security obligations of NWFF Group and NFTMP Group under the loan agreement;
 - (g) the obtaining of a letter of comfort or approval from the Macau Government that it has no objection to the change of control in the shareholders of NWFF and NFTMP;
 - (h) completion of the Restructuring to the reasonable satisfaction of the Purchaser; and
 - (i) the Vendor provides to the Purchaser a certificate from an officer of the Vendor as of the Completion Date confirming there is no material breach of any of the Vendor's warranties under the SPA.

If any of the above conditions precedent is not fulfilled (or waived as the case may be) on or before the Longstop Date, the Acquisition will not proceed to completion and the SPA will lapse.

Completion of the SPA

Completion will take place on the Completion Date.

To ensure a smooth transition of the Ferry Business, the Vendor has agreed to, upon Completion, grant STCTS a non-exclusive and non-transferable licence, for a licence fee of HK\$1, to use, in Hong Kong and Macau only and solely for the operation of the Ferry Business, the trade name of and the trade marks currently used by NWWF for the Ferry Business for a period of no more than 15 months commencing from the Completion Date.

BACKGROUND TO, AND REASONS FOR, THE ACQUISITION

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 is an indirect non-wholly owned subsidiary of the Company. Together with its subsidiaries, STCTS is a major operator of high-speed passenger ferry services between Hong Kong, Macau and other destinations in the Pearl River Delta.

The Vendor is a company indirectly owned as to 50% by NWSH. The Vendor's principal business is investment holding.

The demand for passenger transportation between Hong Kong and Macau has been rising in the past few years as a result of the growth in the tourism market of Macau. It is anticipated that Macau's tourism market will continue to grow on the back of the introduction of new resorts, casinos and other leisure facilities. The demand for passenger transportation between Macau and other destinations in the Pearl River Delta (including Hong Kong) is expected to accelerate abreast of the development of the Macau market.

The Acquisition not only enlarges the fleet size of STCTS, but also increases its market share in the Hong Kong – Macau passenger ferry market significantly. The Acquisition will further strengthen STCTS's market leader position and allow STCTS to better capture the growing demand for passenger ferry services. In spite of the anticipated completion of the Hong Kong – Zhuhai – Macau Bridge a few years later, the expanded fleet will help STCTS capture the expected increase in the market demand before completion of the bridge. Even after the completion of bridge, it is believed that, with the anticipated growth in the tourism of Macau, the additional Vessels are necessary to cater for the strong demand for the sea transportation between Macau and destinations in the Pearl River Delta.

As the Vessels are relatively new and with higher seating capacities as compared with STCTS's existing fleet, it is expected that the Acquisition will improve the operating efficiency of STCTS by reducing maintenance and fuel costs. In addition, as the employees of NWWF and NFTMP include a pool of experienced and skilled seamen, the Acquisition will strengthen STCTS's workforce and also facilitate STCTS's staff succession and development

plan in the longer term.

IMPLICATIONS UNDER THE LISTING RULES

NWD is a connected person of the Company under the Listing Rules by virtue of its indirect ownership of 10% of the issued share capital of Ranex, an indirect non-wholly owned subsidiary of the Company. The Vendor is an associate (within the meaning of the Listing Rules) of NWSH, a subsidiary of NWD, and therefore a connected person of the Company under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Acquisition also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition is therefore subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

As far as the Company is aware and based on the information available to the Company as of the date of this announcement, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. Written independent Shareholders' approval of the Acquisition has been obtained from the following closely allied group of Shareholders who together hold approximately 53.45% of the issued share capital of the Company as at the date of this announcement:

- (1) Shun Tak Shipping Company, Limited (together with its subsidiaries) holding 308,057,215 Shares (representing approximately 14.18% of the issued share capital of the Company), in which Dr. Stanley Ho and his family have a beneficial interest;
- (2) Hanika Realty Company Limited (**Hanika**) holding 399,502,244 Shares (representing approximately 18.39% of the issued share capital of the Company); and
- (3) Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho (all being Directors and holding a beneficial interest in Hanika) holding 453,520,659 Shares (representing approximately 20.88% of the issued share capital of the Company).

An application for a waiver from the requirement to convene a Shareholders' meeting under Rule 14A.43 of the Listing Rules has been made to the Stock Exchange by the Company and it is expected that no Shareholders' meeting will be required. Appropriate disclosure of the Acquisition will be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

GENERAL

The Directors (excluding the Abstained Director and excluding members of the Independent Board Committee whose view will be contained in a circular to be despatched to the Shareholders as soon as practicable after taking into account the advice from the independent financial adviser) are of the view that the Acquisition is: (a) in the ordinary and usual course of business of the Company; (b) on normal commercial terms; (c) on terms that are fair and reasonable; and (d) in the interest of the Company and its Shareholders as a whole.

The Independent Board Committee has been formed to consider, and to advise the independent Shareholders on, the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee and the independent Shareholders on the Acquisition.

A circular containing, among other things, further information on the Acquisition, the letter of advice from the Independent Board Committee and the letter of advice from the independent financial adviser regarding the terms of the SPA and the transactions contemplated thereunder and the valuation report of the Vessels is expected to be despatched to the Shareholders no later than 1 September 2011.

DEFINITIONS

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

“Abstained Director”	Dato’ Dr. Cheng Yu Tung, a non-executive Director, who has not given any opinion on, and has abstained from voting on the board resolution approving, the Acquisition in light of his interest in the Vendor
“Acquisition”	the acquisition of the Sale Shares and the Shareholder’s Loan by the Purchaser from the Vendor pursuant to the SPA
“Base Consideration”	HK\$350 million, being the agreed value of the Vessels and the license granted by the Macau Government for operating the Ferry Business
“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)
“Completion”	completion of the Acquisition according to the terms of the SPA

“Completion Accounts”	the consolidated balance sheet of each of NWFF and NFTMP as at the Completion Date prepared in accordance with the accounting policies, principles, basis and methods adopted in preparing the audited accounts of NWFF and NFTMP for the year ended 30 June 2010 (other than those accounting policies specifically agreed between the Vendor and the Purchaser) and in accordance with generally accepted accounting principles in Hong Kong
“Completion Date”	the later of (a) the seventh business day following the satisfaction or waiver, as the case may be, of the conditions precedent of the SPA, or (b) 30 September 2011, but in any event no later than the seventh business day after the Longstop Date
“Consideration”	the Base Consideration, subject to adjustment as stated in the section headed “Consideration” of this announcement
“Director(s)”	the director(s) of the Company
“Ferry Business”	the passenger ferry business currently operated by NWFF and NFTMP between Hong Kong and Macau (Outer Port Terminal)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the board of Directors 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 Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	11 November 2011 or such other date as the parties to the SPA may agree
“Macau”	the Macau Special Administrative Region of the PRC
“MOP”	Macau Pataca, the lawful currency of Macau
“NFTMP”	New Ferry – Transporte Marítimo de Passageiros (Macau), Limitada, a company incorporated in Macau and a wholly owned subsidiary of the Vendor as at the date of this announcement

“NFTMP Group”	NFTMP and its subsidiaries
“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)
“NWFH”	New World First Holdings Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of NWST
“NWFF”	New World First Ferry Services (Macau) Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Vendor as at the date of this announcement
“NWFF Group”	NWFF and its subsidiaries
“NWSH”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, a subsidiary of NWD and the shares of which are listed on the Stock Exchange (Stock Code: 659)
“NWST”	NWS Transport Services Limited, a company incorporated in the British Virgin Islands and is indirectly owned as to 50% by NWSH
“PRC”	The People’s Republic of China
“Purchaser”	STCTS
“Ranex”	Ranex Investments Limited, the developer of The Belcher’s, a residential development project in Pokfulam, Hong Kong, which is indirectly owned as to 51% by the Company and 10% by NWD as at the date of this announcement
“Restructuring”	the disposals of companies or assets and liabilities and the assignment, novation or termination of the certain contracts or arrangements in respect of the existing NWFF Group and/or the NFTMP Group during the period from the date of the SPA up to Completion in accordance with the terms of the SPA
“Sale Shares”	the entire issued share capital of NWFF and NFTMP

“Shares”	shares of HK\$0.25 each in the capital of the Company
“Shareholder(s)”	the holders of Shares
“Shareholder’s Loan”	the loan (including accrued interest) due by NWFF to NWST as at Completion; the amount of such loan was HK\$251,228,997 as at the date of 30 April 2011
“SPA”	the conditional agreement dated 11 August 2011 for the Acquisition entered into between STCTS (as purchaser) and NWFH (as vendor)
“STCTS”	Shun Tak-China Travel Shipping Investments Limited, a company incorporated in the British Virgin Islands and an indirect non-wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	NWFH
“Vessels”	seven high-speed passenger ferries owned by NWFF Group serving the Ferry Business as at the date of this announcement

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

Hong Kong, 11 August 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.