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信德集團



SHUN TAK HOLDINGS

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 TRANSACTION WITH STDM
IN RELATION TO
EXTENSION OF FUEL ARRANGEMENT**

Fuel Arrangement

On 15 December 2016, STCTS (an indirect non wholly-owned subsidiary of the Company) 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 2017 until 31 December 2019.

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 FAA Extension Agreement, the Fuel Arrangement will continue to be conducted on an ongoing basis for a further period of three years from 1 January 2017 to 31 December 2019 and will constitute continuing connected transaction of the Company under the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, the FAA Extension is a continuing connected transaction of the Company only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules. Appropriate disclosure of the 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 the annual review requirements under the Listing Rules.

THE FUEL ARRANGEMENT

Reference is made to the announcement of the Company dated 25 October 2013 and the circular of the Company dated 15 November 2013 in relation to, among other things, the Fuel Arrangement Agreement which will expire on 31 December 2016. On 15 December 2016, STCTS entered into the FAA Extension Agreement with STD M to continue STD M's appointment to supply and load Fuel onto STCTS Vessels for a further period of three years from 1 January 2017 to 31 December 2019.

The FAA Extension Agreement

Date 15 December 2016

Parties STCTS and STD M

Term The FAA Extension Agreement will take effect from 1 January 2017 for three years until 31 December 2019 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

STD M is operating fuel supply and storage system at the Terminal and has been supplying Fuel to STCTS for over 19 years. Pursuant to the FAA Extension Agreement, STD M 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 STD M at the Terminal.

Consideration

Under the FAA Extension Agreement, STCTS will continue to pay to STD M 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 STD M 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 2014 and 2015 and the ten months ended 31 October 2016 amounted to HK\$375.6 million, HK\$234.4 million and HK\$167.1 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 2017, 2018 and 2019 respectively:

Financial year ending	Fuel Arrangement Fee <i>HK\$' million</i>
31 December 2017	508.0
31 December 2018	565.0
31 December 2019	622.0

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 2014 and 2015 and the first ten months of 2016; (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 2017, 2018 and 2019, after taking into account the growth and development of the general economy and the passenger ferry market in the Pearl River Delta.

REASONS FOR 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.

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.

LISTING RULES IMPLICATIONS

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 FAA Extension Agreement, the Fuel Arrangement will continue to be conducted on an ongoing basis for a further period of three years from 1 January 2017 to 31 December 2019 and will constitute continuing connected transaction of the Company under the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, the FAA Extension is a continuing connected transaction of the Company only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules. Appropriate disclosure of the 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 the annual review requirements under the Listing Rules.

GENERAL

The Directors (excluding the Abstained Directors) are of the view that the FAA Extension and the transaction 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.

DEFINITIONS

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

“Abstained Directors”	being Dr. Stanley Ho, 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 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
“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 15 December 2016 to renew the Fuel Arrangement 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, 28 October 2010 and 25 October 2013
“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
“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)”	ordinary share(s) 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 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terminal”	Macau Outer Harbour Terminal, Macau

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

Hong Kong, 15 December 2016

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 Director is Mrs. Louise Mok; and the independent non-executive Directors are Mr. Norman Ho, Mr. Charles Ho, Mr. Michael Ng and Mr. Kevin Yip.