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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 TRANSACTIONS
IN RELATION TO
THE MASTER CONSULTANCY AGREEMENT WITH OCCASIONS**

THE MASTER CONSULTANCY AGREEMENT

On 1 April 2021, the Company entered into the Master Consultancy Agreement with Occasions, to set out a framework for the provision of brand marketing and consultancy services by the Occasions Group to the Group from time to time on a non-exclusive basis.

LISTING RULES IMPLICATION

Since September 2020, Ms. Pansy Ho, who is the Group Executive Chairman and Managing Director as well as a substantial Shareholder, has indirectly held 50% of the entire issued share capital of Occasions. Therefore, Occasions has become an associate of Ms. Pansy Ho and a connected person of the Company under the Listing Rules since September 2020.

The transactions contemplated under the Master Consultancy Agreement will continue to be conducted on an ongoing basis for a term of three years from 1 January 2021 to 31 December 2023 and will therefore constitute continuing connected transactions of the Company under the Listing Rules.

Since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the annual caps on the transactions under the Master Consultancy Agreement exceed 0.1% but are all less than 5%, the entering into of the Master Consultancy Agreement and the transactions contemplated thereunder are subject to reporting, announcement and annual review requirements but are exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

On 1 April 2021, the Company entered into the Master Consultancy Agreement with Occasions, to set out a framework for the provision of brand marketing and consultancy services by the Occasions Group to the Group from time to time on a non-exclusive basis.

THE MASTER CONSULTANCY AGREEMENT

Date 1 April 2021

Parties The Company and Occasions

Term The Master Consultancy Agreement will take effect retrospectively from 1 January 2021 to 31 December 2023. Subject to compliance with the requirements of the Listing Rules, the Master Consultancy Agreement may be renewed by the parties before its termination by mutual agreement in writing

Scope of Services

The brand marketing and consultancy services provided or to be provided by the Occasions Group to the Group under the Master Consultancy Agreement from time to time on a non-exclusive basis include but are not limited to:

- (i) brand marketing and consultancy services;
- (ii) campaigns concept and activations;
- (iii) corporate communications and media relations;
- (iv) digital marketing, social media, influencers strategy and management;
- (v) events planning and management consultancy;

- (vi) advertising and media partnership strategy;
- (vii) design concept, artwork and production support; and
- (viii) such other services as may be necessary for the Group's projects.

Consideration and Pricing Mechanism

The Group and the Occasions Group have entered into and may continue to enter into separate agreements, contracts or orders which service scope and fees have been or will be determined after arm's length negotiations between the relevant member(s) of the Group and the Occasions Group by reference to the prevailing market service fees. Definitive agreements to be entered into under the Master Consultancy Agreement shall be recorded in writing for a fixed term of not more than three years and on normal commercial terms or on terms no less favourable than the terms made available by independent third party providers of same or similar services.

Where it is impracticable to make reference to the rate of the service fees offered by independent third party service providers for comparable services, the Group will take into consideration the service specifications, cost structure, profit margin, historical transaction amounts, market conditions, past performance of the Occasions Group and the Group's development strategy in determining the rate of fees payable by the Group for the services contemplated under the Master Consultancy Agreement.

In respect of existing brand marketing and consultancy services being provided by the Occasions Group to the Group, all terms and conditions as agreed by the parties in separate written agreements shall remain in full force and effect notwithstanding the terms of the Master Consultancy Agreement, provided that such terms and conditions are not inconsistent with those of the Master Consultancy Agreement.

Annual Caps for the Master Consultancy Agreement

For the two years ended 31 December 2019 and 2020, the historical transaction amounts in respect of the provision of brand marketing and consultancy services by the Occasions Group to the Group were approximately HK\$1.5 million and HK\$8.0 million, respectively.

Set out below are the annual caps on the transactions under the Master Consultancy Agreement for the three years ending 31 December 2021, 2022 and 2023, respectively:

	<i>HK\$' million</i>
Financial year ending 31 December 2021	9.5
Financial year ending 31 December 2022	9.5
Financial year ending 31 December 2023	9.5

The annual caps above are determined with reference to (i) the historical transaction amounts paid to the Occasions Group for the two years ended 31 December 2019 and 2020; (ii) the amount paid or payable by the Group with respect to existing brand marketing and consultancy services; and (iii) the estimated brand marketing and consultancy services that the Group requires for the three years ending 31 December 2021, 2022 and 2023, after taking into consideration the number of existing and potential projects engaged in or to be taken up by the Group and the current market conditions.

INTERNAL CONTROL MEASURES

To safeguard the interests of the Shareholders as a whole, the Group has implemented internal control measures for the continuing connected transactions, which include but are not limited to the following measures:

1. the Group will regularly review and evaluate the transaction terms and closely monitor the actual transaction amounts incurred under the Master Consultancy Agreement to ensure that (i) the continuing connected transactions thereunder are conducted on normal commercial terms or on terms no less favourable to the Group than those provided by independent third parties and in compliance with the aforesaid pricing mechanism, and (ii) the transaction amounts will not exceed the annual caps stated above;
2. the Group's internal audit department will focus on the above internal control measures as part of their ongoing work plan and will report their findings to the audit and risk management committee of the Company and the Board on a periodic basis; and
3. the auditors and the Audit and Risk Management Committee of the Company will conduct an annual review of the Group's continuous connected party transactions in accordance with the Listing Rules.

REASONS AND BENEFITS FOR THE MASTER CONSULTANCY AGREEMENT AND INFORMATION ON THE PARTIES

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

The Occasions Group is a comprehensive and integrated strategic brand and communications consultancy firm in the Greater Bay Area region with offices in Hong Kong, Macau, Beijing and Shanghai. Occasions has over 30 years of proven track record in working with some of the world's largest brands, corporations and government entities. For many years, Occasions has been one of the several service providers working for the Group. Having maintained a long-term business relationship with the Group, Occasions has gained an in-depth understanding of the Company's brand positioning, operation, business model, culture, management and team which allows it to design and execute bespoke and effective brand strategies for the Group to help its brand excel and grow its businesses by connecting with its most valued audiences.

The terms of the Master Consultancy Agreement were determined after arm's length negotiations between the relevant parties. The Directors (excluding the Abstained Directors) are of the view that the terms of the Master Consultancy Agreement and the transactions thereunder (including the annual caps) are fair and reasonable, the entering into of the Master Consultancy Agreement is in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Since September 2020, Ms. Pansy Ho, who is the Group Executive Chairman and Managing Director as well as a substantial Shareholder, has indirectly held 50% of the entire issued share capital of Occasions. Therefore, Occasions has become an associate of Ms. Pansy Ho and a connected person of the Company under the Listing Rules since September 2020. The remaining 50% interest in Occasions is indirectly held by Ms. Michelle Cheng, a merchant and a third party independent of the Company and its connected persons.

The transactions contemplated under the Master Consultancy Agreement will continue to be conducted on an ongoing basis for a term of three years from 1 January 2021 to 31 December 2023 and will therefore constitute continuing connected transactions of the Company under the Listing Rules.

By virtue of Ms. Pansy Ho's interest in Occasions, the Abstained Directors are considered to have a material interest in the Master Consultancy Agreement and the transactions contemplated thereunder. Accordingly, the Abstained Directors abstained from voting on the Board resolution(s) in respect of the Master Consultancy Agreement. Save for the Abstained Directors, no other Director had a material interest in the Master Consultancy Agreement and the transactions contemplated thereunder.

Since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the annual caps on the transactions under the Master Consultancy Agreement exceed 0.1% but are all less than 5%, the entering into of the Master Consultancy Agreement and the transactions contemplated thereunder are subject to reporting, announcement and annual review requirements but are exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Abstained Directors”	being Ms. Pansy Ho, Ms. Daisy Ho and Ms. Maisy Ho, all being Directors who have not given any opinion and have abstained from voting on the Board resolution(s) in respect of the Master Consultancy Agreement in view of their material interests in the Master Consultancy Agreement and the transactions contemplated thereunder
“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
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Consultancy Agreement”	the agreement dated 1 April 2021 entered into between the Company and Occasions to set out a framework for the provision of brand marketing and consultancy services by the Occasions Group to the Group from time to time on a non-exclusive basis
“Occasions”	Occasions Asia Pacific Limited, a company incorporated in Hong Kong with limited liability
“Occasions Group”	Occasions and its subsidiaries
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

In this announcement, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “subsidiary(ies)” and “substantial shareholder(s)” have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

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

Hong Kong, 1 April 2021

As at the date of this announcement, the executive Directors are Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Mr. David Shum and Mr. Rogier Verhoeven; and the independent non-executive Directors are Mr. Norman Ho, Mr. Charles Ho, Mr. Michael Wu and Mr. Kevin Yip.