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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 TRANSACTION**

The Co-operation Agreement

On 19 September 2007, STCTSML entered into the Co-operation Agreement with NWFF to enhance their respective passenger ferry services between Hong Kong and Macau, achieve economies of scale and overall costs savings through better fleet deployment, cross-selling of tickets and potential charter of vessels between the parties.

Pursuant to the Co-operation Agreement, among other things (i) the Hong Kong Ferry Service and the Kowloon Ferry Service will be managed and operated at all times by STCTSML and NWFF respectively; (ii) STCTSML will make available Discounted Seats to NWFF for the Hong Kong Ferry Service provided that the Discounted Ticket Value will not exceed HK\$30 million per Year; (iii) STCTSML and NWFF agree to sell ferry tickets for each other's ferry services for a commission at a rate to be mutually agreed from time to time; and (iv) STCTSML and NWFF may charter vessels from each other to operate additional sailings of the Hong Kong Ferry Service and the Kowloon Ferry Service on terms to be mutually agreed from time to time. The Co-operation Agreement is intended to take effect from 1 October 2007.

Termination of the 2003 Co-operation Agreement

On 19 September 2007, STCTS and NWFH entered into the Termination Agreement to terminate the 2003 Co-operation Agreement with effect from 30 September 2007. Reference is made to the Company's announcement dated 13 March 2003 in respect of the 2003 Co-operation Agreement.

Implications under the Listing Rules

As at the date of this announcement, STCTSML is a non-wholly-owned subsidiary of the Company. NWFF is an associate (as defined under the Listing Rules) of New World Development, an indirect substantial shareholder of Ranex which is a subsidiary of the Company. NWFF is therefore an associate of a connected person of the Company. Accordingly the Co-operation Agreement between STCTSML and NWFF constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) for the annual caps during the next 3 years ending 31 December 2007, 2008 and 2009 are less than 2.5% on an annual basis, the transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules. Details of these transactions will be included in the Company's next published annual report and accounts in accordance with the Listing Rules.

In the event STCTSML and NWFF enter into an agreement in respect of the (i) NWFF and/or the STCTSML commissions; and/or (ii) chartering of vessels between them, the relevant requirements of the Listing Rules in respect of these transactions will be complied with in full by the Company at that time.

Co-operation Agreement

Date

19 September 2007

Parties

STCTSML

NWFF

Description of the Co-operation Agreement

The major terms under the agreement provide that:

- (a) the Hong Kong Ferry Service and the Kowloon Ferry Service will be managed and operated at all times by STCTSML and NWFF respectively;
- (b) STCTSML will make available Discounted Seats to NWFF for the Hong Kong Ferry Service in accordance with the Discount Formula provided that the Discounted Ticket Value will not exceed HK\$30 million per Year;
- (c) NWFF and STCTSML agree to sell ferry tickets for ferry services operated by each other for commissions at a rate to be mutually agreed from time to time, provided that in the case of NWFF, cross-selling by NWFF of tickets for the Hong Kong Ferry Service will commence after the Discounted Ticket Value paid to STCTSML has reached HK\$30 million per Year;
- (d) STCTSML and NWFF may charter available vessels from each other to operate additional sailings of their respective ferry services at a charter-hire fee and other terms to be mutually agreed from time to time.

Term

The Co-operation Agreement will be in force for an initial period of 1 year starting from 1 October 2007 and will be automatically renewed for 2 successive 1-year periods unless terminated by either party giving written notice of termination not later than 3 months prior to the expiry of each term.

Estimated Annual Caps

- (i) Under the Co-operation Agreement, the Discounted Ticket Value shall not exceed HK\$30 million per Year. It is expected that the Discounted Ticket Value payable by NWFF to STCTSML during the 3 financial years ending 31 December 2007, 2008 and 2009 will not exceed HK\$7.5 million, HK\$30 million and HK\$30 million respectively. The cap for 2007 is determined on pro-rata basis for the remaining 3-months of 2007. The Directors are of the view that these annual caps are fair and reasonable.
- (ii) The discount rate under the Discount Formula which may be offered to NWFF is the lowest fare offered by STCTSML in the market, or a 20% off the published rate of such ticket, whichever is the higher. The Company anticipates that the maximum discount rate shall not exceed 20%. Hence the estimated annual

amount of discount to be provided by STCTSML in respect of the Discounted Ticket Value during the 3 financial years ending 31 December 2007, 2008 and 2009 will not exceed HK\$1.875 million, HK\$7.5 million and HK\$7.5 million respectively.

Reasons for the Co-operation Agreement

The Company is a holding company of a number of business activities principally consisting of transportation, hospitality, property and investment businesses. The STCTS Group, the Group's shipping arm, is a major operator of passenger ferry services between Hong Kong, Macau and other destinations in the Pearl River Delta. STCTS Group provides passenger ferry services to and from MFT and Macau. NWFF provides passenger ferry services to and from CFT and Macau.

The Co-operation Agreement enables STCTSML and NWFF to devote their principal resources to their respective principal routes and enhance their ferry services between Hong Kong and Macau. In addition, STCTS Group and NWFF can achieve economies of scale and overall costs savings through, among other things, better fleet deployment, cross-selling of tickets by capitalizing on each other's extensive sales network and potential charter of vessels between the parties.

The terms of the Co-operation Agreement were agreed between the parties after arm's length negotiations and after taking into account, among other things, the benefits expected to be derived therefrom.

The Directors are of the opinion that the Co-operation Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms and on terms that are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Termination Agreement

Date

19 September 2007

Parties

STCTS

NWFFH

Description of the Termination Agreement and the 2003 Co-operation Agreement

Under the Termination Agreement, both parties agree to terminate the 2003 Co-operation Agreement with effect from 30 September 2007.

The 2003 Co-operation Agreement was signed by STCTS and NWFH on 7 March 2003 for a term of 5 years ending in March 2008. Reference is made to the Company's announcement dated 13 March 2003 in respect of this agreement which provides, among other things, that:

- (i) The STCTS Operators will operate the Hong Kong Ferry Service for themselves, and if requested, on behalf of the New World Operators; and the New World Operators will operate the Kowloon Ferry Service for themselves, and if requested, on behalf of the STCTS Operators, at a handling charge of HK\$30 per passenger ticket sold;
- (ii) STCTS and New World will procure their respective operators to refer passengers wishing to travel on the Kowloon Ferry Service to the New World Operators; and Hong Kong Ferry Service to the STCTS Operators, at a commission of HK\$10 per passenger;
- (iii) If necessary, transferring of vessels by STCTS to NWFH on mutually satisfactory terms is to be agreed.

NWFH also pays to STCTS an annual fee of HK\$30 million during the term of the agreement.

Reasons for terminating the 2003 Co-operation Agreement

The Co-operation Agreement enables STCTS Group and NWFH to extend their cooperation in the manner set out therein for up to 3 years with a view to enhancing their operational efficiency and extending their sales networks. To implement the Co-operation Agreement, the parties (and their respective associates) agreed to terminate the 2003 Co-operative Agreement prior to its expiration in less than 6 months.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, STCTSML is a non-wholly-owned subsidiary of the Company and NWFH is an associate (as defined under the Listing Rules) of New World Development, which is an indirect substantial shareholder of Ranex. NWFH is therefore an associate of a connected person of the Company. Accordingly the Co-operation Agreement between STCTSML and NWFH constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) for all the annual caps during the next 3 years ending 31 December 2007, 2008 and 2009 under the Co-operation Agreement are less than 2.5% on an annual basis, the transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules. Details of these transactions will be included in the Company's next published annual report and accounts in accordance with the Listing Rules.

In the event STCTSML and NWFH enter into an agreement in respect of the (i) NWFH and/or the STCTSML commissions; and/or (ii) chartering of vessels between them, the relevant requirements of the Listing Rules in respect of these transactions will be complied with in full by the Company at that time.

DEFINITIONS

“2003 Co-operation Agreement”	the services co-operation agreement entered into between STCTS and NWFH on 7 March 2003 in relation to the co-ordination of ferry services between Macau and Hong Kong
“Co-operation Agreement”	the agreement entered into between STCTSML and NWFH on 19 September 2007 in relation to, among other things, the sale of ferry tickets between them for ferry services operated by them
“CFT”	China Hong Kong Ferry Terminal located at China Hong Kong City, 22 Canton Road, Kowloon, Hong Kong
“Company”	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director, including independent non-executive directors, of the Company
“Discount Formula”	the lowest fare offered by STCTSML in the market (including fares offered to agents and brokers) per one-way ticket, or a discount rate of 20% off the published rate (net of tax and fees) or such ticket, whichever is the higher

“Discounted Seats”	the tickets for Hong Kong Ferry Service agreed to be made available by STCTSML to NWFF on a discounted basis in accordance with the Discount Formula
“Discounted Ticket Value”	the total ticket value of Discounted Seats
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Ferry Service”	the passenger ferry services between Macau and MFT operated by STCTSML
“Kowloon Ferry Service”	the passenger ferry services between Macau and CFT operated by NWFF
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“MFT”	Macau Ferry Terminal located at Shun Tak Centre, 200 Connaught Road Central, Hong Kong
“New World Development”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“New World Operators”	Subsidiaries of NWFH engaging in the shipping business and any managers and/or operators appointed by NWFH to manage or operate on its behalf ferry services between Hong Kong and Macau
“NWFH”	New World First Holdings Limited, a company incorporated in the British Virgin Islands and is indirectly owned as to 50% by NWSH
“NWFF”	New World First Ferry Services (Macau) Limited, a company incorporated in the British Virgin Islands and is indirectly owned as to 50% by NWSH

“NWSH”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, a subsidiary of New World Development and the shares of which are listed on the Stock Exchange
“PRC”	The People’s Republic of China
“Ranex”	Ranex Investments Limited, the developer of the Belcher’s, a residential development project in Pokfulam in Hong Kong, is indirectly owned as to 51% by the Company and 10% by New World Development
“Shares”	shares of HK\$0.25 each in the capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“STCTS”	Shun Tak-China Travel Shipping Investments Limited, a company incorporated in the British Virgin Islands and a subsidiary of the Company. 71% of the issued share capital of STCTS is owned by Interdragon Limited, a company incorporated in the British Virgin Islands in which the Company indirectly owns 60%. The remaining 29% of the issued share capital of STCTS is indirectly owned by China Travel International Investment Hong Kong Limited, the shares of which are listed on the Stock Exchange
“STCTS Group”	STCTS and its subsidiaries
“STCTS Operators”	wholly owned subsidiaries of STCTS engaging in the shipping business and any managers and/or operators appointed by STCTS to manage or operate on its behalf ferry services between Hong Kong and Macau
“STCTSML”	Shun Tak-China Travel Ship Management Limited, a company incorporated in Hong Kong and an indirectly wholly-owned subsidiary of STCTS
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the letter of termination dated 19 September 2007 entered into between STCTS and NWFH in relation to the termination of the 2003 Co-operation Agreement

“Year” Each period of one year commencing from the commencement date and ending on the expiry or early termination of the Co-operation Agreement

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong.

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

Hong Kong, 19 September 2007

As at the date of this announcement, the executive Directors are Dr. Stanley Ho, Ms. Pansy Ho, Ms. Daisy Ho, Dr. Ambrose So, Mr. Patrick Huen, Mr. Anthony Chan, Ms. Maisy Ho and Mr. David Shum.

The non-executive Directors are Dato’ Dr. Cheng Yu Tung and Mrs. Mok Ho Yuen Wing, Louise and the independent non-executive Directors are Sir Roger Lobo, Mr. Norman Ho, Mr. Charles Ho and Mr. Yeh V-Nee.