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SHUN TAK HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 242)

website:<http://www.shuntakgroup.com>

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO**

- (1) RENEWAL OF STDM TRANSACTIONS AND FUEL ARRANGEMENT;**
- (2) REVISION OF 2007 ANNUAL CAP FOR FUEL ARRANGEMENT FEE; AND**
- (3) OTHER CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM
INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT**

Financial adviser to Shun Tak Holdings Limited



Optima Capital Limited

**I. CONTINUING CONNECTED TRANSACTIONS SUBJECT TO INDEPENDENT
SHAREHOLDERS' APPROVAL**

STDM Transactions

On 12 November 2007, STCTS executed an extension to the STDM Agency Agreement to continue the STDM Transactions until 31 December 2010. The STDM Transactions include (1) the sale of Ferry Tickets by STDM as agent of STCTS in consideration for payment of the STDM Commissions; and (2) the bulk purchase of Ferry Tickets by STDM for its own account subject to the Discount.

Fuel Arrangement

On 12 November 2007, STCTS executed an extension to the Fuel Arrangement Agreement to continue STDM's appointment to supply and load Fuel onto STCTS Vessels. Given the rising trend of Fuel market price and increasing demand for STCTS Ferry Services, the Board anticipates that the previously-approved cap on

the Fuel Arrangement Fee payable by STCTS for the year ended 31 December 2007 will be exceeded and seeks Independent Shareholders' approval for the Increased Cap for this year.

The EGM

STDM is a substantial shareholder of the Company and holds a 40% interest in Interdragon, the 71% shareholder in STCTS. The STDM Transactions and the Fuel Arrangement constitute continuing connected transactions of the Company under the Listing Rules. As the applicable percentage ratios (other than the profits ratio) for the respective annual caps of the STDM Transactions and the Fuel Arrangement exceed 2.5%, the STDM Transactions (and annual caps) and the Fuel Arrangement (and annual caps, including the Increased Cap) are subject to disclosure and Independent Shareholders' approval requirements under Rules 14A.47 and 14A.48 of the Listing Rules.

The EGM will be convened by the Company at which resolutions will be proposed to seek approval from Independent Shareholders for the STDM Transactions and annual caps, the Fuel Arrangement and annual caps including the Increased Cap. At the EGM, voting by Independent Shareholders will be by poll. STDM, Dr. Ho, and their respective associates, and any other connected persons (if any) with material interests in the STDM Transactions and/or the Fuel Arrangement will abstain from voting on the relevant resolutions at the EGM.

An independent board committee will be constituted to advise the Independent Shareholders on the STDM Transactions, Fuel Arrangement, and their respective annual caps including the Increased Cap. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders.

A circular containing further information on the STDM Transactions, Fuel Arrangement, their respective annual caps including the Increased Cap, the recommendations of the independent board committee, the opinion letter from the independent financial adviser to the independent board committee and the Independent Shareholders, and notice of the EGM, will be despatched to the Shareholders as soon as practicable.

II. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL

Agency Agreements

On 12 November 2007, STCTS executed the Wincent Agency Agreement and CTSHK Agency Agreement pursuant to which Wincent and CTSHK will continue

to act as non-exclusive general sales agents for STCTS in respect of the sale of Ferry Tickets. STCTS will continue to pay Commissions in consideration for the sales agency and business development services provided by Wincent and CTSHK.

Software Agreement

On 12 November 2007, STCTS and Crown, a Subsidiary within the Group, extended the Software Agreement pursuant to which Crown will continue to provide STCTS with the requisite software and related services relating to the online booking system for the sale of Ferry Tickets. As the application service provider, Crown will continue to receive the Software Fee.

Master Leasing Agreements

On 14 November 2007, the Company entered into the Master Leasing Agreements with each of STC and STS pursuant to which the Company and its Subsidiaries will continue to rent premises within the Property.

The Consultancy Agreement

On 12 November 2007, STP entered into the Consultancy Agreement with Kiu Lok, pursuant to which Kiu Lok will continue to provide consultancy services to STP in respect of managing the Property and STP will continue to pay to Kiu Lok the Consultancy Fee on a monthly basis in consideration for the consultancy services provided by Kiu Lok.

General

STCTS is an associate of STDM and is accordingly a connected person of the Company under the Listing Rules. CTSHK is a subsidiary of China Travel, which is a substantial shareholder of STCTS and CTSHK is accordingly a connected person of the Company under the Listing Rules.

STC is beneficially owned as to 10% by Dr. Ho, 45% by STDM and 45% by a subsidiary of NWD. By virtue of the substantial shareholding interests of Dr. Ho and STDM in the Company, STC is a connected person of the Company under the Listing Rules. STS is a substantial shareholder of the Company and a connected person of the Company under the Listing Rules.

Kiu Lok is a connected person of the Company by virtue of its being a non wholly-owned subsidiary of NWD. NWD is a substantial shareholder of Ranex

Investment Limited, a non wholly-owned Subsidiary.

The transactions contemplated under the Agency Agreements, the Software Agreement, the Master Leasing Agreements and the Consultancy Agreement will be on an ongoing basis and constitute continuing connected transactions of the Company under the Listing Rules. The applicable percentage ratios (other than the profits ratio) for the transactions under each of the aforesaid agreements are estimated to exceed 0.1% but less than 2.5% pursuant to Rules 14A.45 to 14A.47 of the Listing Rules. These agreements are therefore subject to reporting and announcement requirements but exempt from independent shareholders' approval. Appropriate disclosure of these transactions will be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

I CONTINUING CONNECTED TRANSACTIONS SUBJECT TO INDEPENDENT SHAREHOLDERS' APPROVAL

(A) THE STDM TRANSACTIONS

Reference is made to the announcement of the Company dated 15 December 2004 and the circular of the Company dated 17 December 2004 in relation to, among other things, the STDM Transactions. On 12 November 2007, the Company extended the STDM Agency Agreement by signing the SAA Extension to continue the STDM Transactions for a further period of three years until 31 December 2010.

The SAA Extension

Date	12 November 2007, to take effect from 1 January 2008
Parties	STCTS and STDM
Term	The 2007 SAA Extension will take effect from 1 January 2008 for three years until 31 December 2010. The parties may thereafter renew the agreement for further periods of three years unless terminated by either party on giving specified period of prior written notice.

Nature of STDM Transactions and considerations

- (i) Sale of Ferry Tickets by STDM as agent of STCTS and payment of STDM Commissions

STDM has been appointed since 3 June 1999 as STCTS' exclusive agent for the sale of Ferry Tickets at the Terminal; and non-exclusive

agent for the sale of Ferry Tickets at directly-operated ticketing counters throughout Macau.

In consideration for STDM sales agency services, STCTS will continue to pay the STDM Commissions, calculated at 5% on the total net ticket sales generated by STDM as agent (less any discounts and concessions agreed by STCTS and any fees, levies and taxes paid thereon to any government or ferry terminal operator). The STDM Commissions have been agreed following arms' length negotiations on normal commercial terms and is in accordance with market practice.

(ii) STDM Ticket Purchases subject to Discount

STDM has been the largest customer of the Group in recent years as a bulk purchaser of Ferry Tickets for its own account. STCTS will continue to grant to STDM a Discount of up to a maximum of 12% (or lower if mutually agreed) of the price of such Ferry Tickets. The STDM Ticket Purchases are on normal commercial terms and at the prevailing market rate. The Discount is given in the normal course of business and is in accordance with market practice of granting discounts on bulk purchases of tickets to promote the STCTS Ferry Services.

Historical figures:

Set out below are the historical amounts of STDM Commission, STDM Ticket Purchases and Discount:

	STDM Commission	STDM Ticket Purchases	Discount to STDM
Year ended 31 December 2005	HK\$15.4 million	HK\$474.1 million	HK\$23.6 million
Year ended 31 December 2006	HK\$17.5 million	HK\$462.5 million	HK\$23.0 million
9 months ended 30 September 2007	HK\$15.1 million	HK\$320.4 million	HK\$16.0 million

Proposed annual caps

Set out below are the annual caps on STDM Commissions, STDM Ticket Purchases and Discount proposed for the financial years ending 31 December 2008, 2009 and 2010 respectively.

Financial year ending	STDM Commission	STDM Ticket Purchases	Discount to STDM
31 December 2008	HK\$ 26.0 million	HK\$ 544.5 million	HK\$ 27.2 million
31 December 2009	HK\$ 30.3 million	HK\$ 634.6 million	HK\$ 31.7 million
31 December 2010	HK\$ 33.5 million	HK\$ 701.2 million	HK\$ 35.1 million

The annual caps proposed above are determined with reference to (i) the historical amount of STDM Commissions, STDM Ticket Purchases and Discount for the two years ended 31 December 2005 and 2006 and the first 9 months of 2007; and (ii) the estimated projection of Ferry Tickets sold by STDM as agent of STCTS, STDM Ticket Purchases and Discount granted thereon taking into account the growth and development of the economy, increasing tourism and the passengers shipping industry of the Pearl River Delta region.

Reasons for the STDM Transactions

The Company is an investment holding company and its Subsidiaries are engaged in a number of business activities including shipping, hospitality, property development and investment. STCTS, the Group's shipping arm, is a major operator of passenger ferry services between Hong Kong, Macau and Pearl River Delta.

STDM is a company incorporated in Macau. Its diverse business interests include entertainment, leisure, sports, tourism and realty, predominantly in Macau. STDM has been one of the largest sales agents of Ferry Tickets for the STCTS Group in recent years. Leveraging on STDM's established sales network and it being the exclusive Terminal operator, the continuing appointment of STDM as the Group's sales agent broadens the customer base for STCTS Ferry Services and enhances the operational efficiency of STCTS in dispensing with the need for separate ticket outlets at the Terminal.

The STDM Ticket Purchases have been undertaken by STDM for its own account for hotel and promotional activities. STDM has been the largest customer of the Group in recent years. The granting of the Discount to STDM for its bulk purchases is in accordance with market practice for the purpose of promoting the STCTS Ferry Services.

The Directors consider that the STDM Transactions are in the ordinary course of business of the Group and on normal commercial terms and that the terms of the STDM Transactions and annual caps are fair and reasonable and in the interests of the Shareholders as a whole.

(B) THE FUEL ARRANGEMENT

Reference is made to the announcements of the Company dated 29 December 2004 and 10 October 2005 and the circular of the Company dated 21 October 2005 in relation to, among other things, the Fuel Arrangement Agreement which will expire on 31 December 2007. On 12 November 2007, STCTS extended the Fuel Arrangement Agreement by executing the FAA Extension to continue STD M's appointment to supply and load Fuel onto STCTS Vessels for a further period of three years until 31 December 2010. The Board also anticipates that the previously approved cap on the Fuel Arrangement Fee for 2007 will be insufficient and seeks Independent Shareholders' approval for the Increased Cap from HK\$310 million to HK\$350 million.

The FAA Extension

Date 12 November 2007, to take effect from 1 January 2008

Parties STCTS and STD M

Term The FAA Extension will take effect from 1 January 2008 for three years until 31 December 2010. The parties may thereafter renew the agreement for further periods of three years unless terminated by either party on giving specified period of prior written notice.

Scope of services

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. 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

STCTS will continue to pay STD M the Fuel Arrangement Fee which is 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 STCTS Group on STD M for related technical assistance.

Historical figures

The Fuel Arrangement Fee paid by STCTS to STD M for the years ended 31

December 2005 and 2006 and the 9 months ended 30 September 2007 amounted to HK\$189 million, HK\$249 million and HK\$224 million respectively.

Increased Cap

Based on the Group's management report up to 30 September 2007, the Fuel Arrangement Fee during the first 9 months of 2007 was HK\$224 million. Taking into account the rising market trend of Fuel prices and the usage projection of Fuel in the fourth quarter of 2007, the Board seeks to revise the 2007 annual cap on the Fuel Arrangement Fee from HK\$310 million to HK\$350 million.

Annual caps

Set out below are the annual caps on the Fuel Arrangement Fee proposed for the financial years ending 31 December 2008, 2009 and 2010:

Financial year ending	Annual caps on Fuel Arrangement Fee
31 December 2008	HK\$ 518.4 million
31 December 2009	HK\$ 641.3 million
31 December 2010	HK\$ 802.1 million

The annual caps proposed above are determined with reference to (i) the historical Fuel Arrangement Fee paid by STCTS during the two years ended 31 December 2005 and 2006 and the first 9 months of 2007; (ii) the anticipated rising market trend of Fuel prices; and (iii) the usage projection of Fuel by STCTS Vessels taking into account the growth and development of the economy, tourism and demand for passengers shipping services of the Pearl River Delta region.

Reasons for the Fuel Arrangement and the Increased Cap

STDM is the exclusive operator of the Terminal under an arrangement with the Macau government. STDM has been supplying Fuel to STCTS for over 10 years. The continuing appointment of STDM to supply Fuel to STCTS Vessels under the Fuel Arrangement Agreement and 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, the vessels' on-board fuel load and thus their fuel consumption. The Directors consider that the Fuel Arrangement is in the ordinary course of business of the Group and is on normal commercial terms, and that the terms of the Fuel

Arrangement, with the proposed annual caps, are fair and reasonable and in the interests of the Shareholders as a whole.

In November 2005, the Board proposed annual caps on the Fuel Arrangement Fee for the three years ended 31 December 2005, 2006 and 2007 of HK\$220 million, HK\$380 million and HK\$310 million respectively, which were approved by Shareholders at an extraordinary general meeting. With the current projected usage of Fuel for the remaining 3 months of 2007, the Board anticipates that the approved cap of HK\$310 million for 2007 will be exceeded. The reasons are (i) the surge in Fuel market price during the first 9 months of 2007 which is expected to continue during the remainder of 2007; and (ii) the Fuel usage by STCTS Vessels and the substantial increase in proportion of Fuel intake in Macau during 2007 due to the influx of tourists to Macau. The Board therefore seeks an increase in the 2007 annual cap on the Fuel Arrangement Fee to HK\$350 million as the Increased Cap.

(C) LISTING RULES IMPLICATIONS OF THE STDM TRANSACTIONS AND FUEL ARRANGEMENT

STDM is a substantial shareholder and thus a connected person of the Company under the Listing Rules. The STDM Transactions and Fuel Arrangement will be on an on-going basis and constitute continuing connected transactions of the Company under the Listing Rules. As the applicable percentage ratios (other than the profits ratio) for the respective annual caps of the STDM Transactions and Fuel Arrangement exceed 2.5%, the STDM Transactions (and annual caps) and the Fuel Arrangement (and annual caps including the Increased Cap) are subject to disclosure and Independent Shareholders' approval requirements under Rules 14A.47 and 14A.48 of the Listing Rules.

The EGM will be convened by the Company at which resolutions will be proposed to seek approval from Independent Shareholders for the STDM Transactions, Fuel Arrangement, respective annual caps including the Increased Cap. Voting of the Independent Shareholders will be by poll. STDM, Dr. Ho, and their respective associates, and any other connected persons (if any) with material interests in the STDM Transactions and/or Fuel Arrangement, annual caps thereon including the Increased Cap, will abstain from voting on the relevant resolutions at the EGM.

II CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL

(A) THE AGENCY AGREEMENTS

Reference is made to the announcements of the Company dated 9 May 2002 and 15 October 2004 regarding the agency agreements between STCTS and CTSHK and Wincent. As set out in the announcements, Wincent and CTSHK were each appointed by STCTS as non-exclusive general sales agents for the sale of Ferry Tickets. Wincent's appointment expired on 30 September 2007. CTSHK's appointment was terminated on 12 November 2007 under the CTSHK Agency Agreement.

On 12 November 2007, STCTS executed the Wincent Agency Agreement and CTSHK Agency Agreement to appoint Wincent and CTSHK respectively as non-exclusive general sales agents of STCTS for the sale of Ferry Tickets in consideration for payment of the Wincent Commissions and CTSHK Commissions respectively. Details of the agreements are as follow:

(1) Wincent Agency Agreement

Date	12 November 2007
Parties	(i) STCTS (as principal); and (ii) Wincent (as agent)
Term	Takes effect from 1 October 2007 until 31 December 2009. The parties may renew the agreement for further periods of three years unless terminated by either party on giving specified period of prior written notice.

Scope of service

Wincent will continue to be STCTS' non-exclusive general sales agent for the sale of Ferry Tickets in the PRC (including Hong Kong and Macau, but excluding Taiwan and the Terminal). Wincent shall be del credere agent of STCTS and shall promote STCTS Ferry Services at its own cost. Wincent will be liable to STCTS for the price of Ferry Tickets issued by Wincent (or the Designated Agent) whether or not paid by the customers.

Consideration

In consideration for the sales agency and business development services provided by Wincent, STCTS will pay to Wincent on a monthly basis the Wincent Commissions of 2% of Net Total Sales.

(2) CTSHK Agency Agreement

Date	12 November 2007
Parties	(i) STCTS (as principal); and (ii) CTSHK (as agent)
Term	Takes effect from 12 November 2007 and expires on 31 December 2009. The parties may renew the agreement for further periods of three years unless terminated by either party on giving specified period of prior written notice.

Scope of service

CTSHK will continue to be STCTS' non-exclusive general sales agent for the sale of Ferry Tickets for the PRC (including Hong Kong and Macau, but excluding Taiwan and the Macau Outer Harbour Terminal). CTSHK shall be del credere agent of STCTS and shall promote STCTS Ferry Services at its own cost. CTSHK will be liable to STCTS for the price of Ferry Tickets it issues, whether or not paid by the customers.

Consideration

In consideration for the sales agency and business development services provided by CTSHK, STCTS will pay to CTSHK on a monthly basis the CTSHK Commissions of 2% of Net Total Sales.

Annual caps for the Agency Agreements

During the two years ended 31 December 2005 and 2006, both the amounts of Wincent Commissions and CTSHK Commissions paid by STCTS were approximately HK\$28.7 million and HK\$32.8 million respectively, which were within the annual caps of HK\$32.0 million and HK\$40.0 million set for those years.

The annual caps for each of the Wincent Commissions and CTSHK Commissions are set at HK\$39.7 million, HK\$49.0 million and HK\$57.1 million for the three financial years ending 31 December 2007, 2008 and 2009 respectively. The caps have been determined by reference to the projection of Net Total Sales for the years ending 31 December 2007, 2008 and 2009 and taking into account (i) Net Total Sales during the first eight months of 2007 of approximately HK\$24.7 million; and (ii) a projection of Net Total Sales for the four-month period ending 31 December 2007, and the 2 financial years

ending 31 December 2008 and 2009, based on the anticipated increase in number of tourists, business travelers and frequency of trips in the region leading to the anticipated growth of STCTS Ferry Services.

Reasons for the Agency Agreements

The appointment of Wincent, a Subsidiary within the Group, as a non-exclusive joint sales agent for promotion and sale of Ferry Tickets enables STCTS to leverage on the Group's sales network and marketing expertise and efficiently utilise the Group's resources. The China Travel group is engaged in travel-related businesses. The continuing appointment of CTSHK facilitates the promotion and distribution through bulk purchases of Ferry Tickets by tour groups and enhances the Group's passenger transportation business. On this basis, the Directors consider that the Agency Agreements and its contemplated transactions are in the ordinary course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole.

Listing Rules implications of the Agency Agreements

STDM is a substantial Shareholder and holds a 40% interest in Interdragon, the 71% shareholder in STCTS. STCTS, an indirect non wholly-owned Subsidiary, is therefore an associate of STDM and a connected person of the Company under the Listing Rules.

CTSHK is a subsidiary of China Travel, which is a substantial shareholder of STCTS. CTSHK is accordingly a connected person of the Company under the Listing Rules.

The agency services are provided by Wincent and CTSHK under the Agency Agreements on an ongoing basis and constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules. Since the respective annual caps of Commissions payable to each of Wincent and CTSHK for the years ending 31 December 2007, 2008 and 2009 will exceed 0.1% but less than 2.5% of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, the Agency Agreements are subject to reporting and announcement requirements but exempt from independent shareholders' approval. Appropriate disclosure of these transactions will be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

(B) THE SOFTWARE AGREEMENT

On 12 November 2007, STCTS and Crown executed the Software Agreement pursuant to which Crown will continue to provide software and related services for online booking system for sale of Ferry Tickets. Details of the Software Agreement are set out below:

Date	12 November 2007
Parties	(i) STCTS (as user); and (ii) Crown (as application service provider)
Term	Takes effect as from 1 October 2007 to 31 December 2009. The parties may thereafter renew the agreement for further periods of three years unless terminated by either party on giving specified period of prior written notice.

Scope of service

Crown will provide software and related services for the online booking system for sale of Ferry Tickets. Crown will also maintain the system (including a payment gateway to collect all payments as agent of STCTS), and provide relevant training and technical consulting services.

Consideration

In consideration for its services, STCTS will pay Crown the Software Fee of US\$1.00 per Ferry Ticket sold through the online ticketing system, excluding transactions undertaken online by members of the Group or sourced in Macau and Hong Kong .

Annual caps for the Software Fee

For the two years ended 31 December 2005 and 2006, the Software Fee paid to Crown was HK\$0.4 million and HK\$2.1 million respectively. The annual caps for the three years ending 31 December 2007, 2008 and 2009 are set at HK\$2.5 million, HK\$4.3 million and HK\$4.8 million respectively. The caps have been determined by reference to the historical amount of Software Fee paid the previous three years, and the anticipated online Ferry Ticket sales resulting from the development of the economy including the tourism industries of Hong Kong, Macau and the Pearl River Delta.

Since both Wincent Commissions and Software Fee are receivable from STCTS, they are required to be aggregated according to Rule 14A.27. Set out below are the aggregated annual caps of the Wincent Commissions and Software Fee:

Financial year ending	Wincent Commission	Software Fee	Total
31 December 2007	HK\$ 39.7 million	HK\$2.5 million	HK\$ 42.2 million
31 December 2008	HK\$ 49.0 million	HK\$ 4.3 million	HK\$ 53.3 million
31 December 2009	HK\$ 57.1 million	HK\$ 4.8 million	HK\$ 61.9 million

Reasons for the Software Agreement

Crown is engaged in the provision of web-based travel reservation and electronic settlement services. The Software Agreement is intended to facilitate expansion of the customer base for STCTS Ferry Services through the online booking system. The Directors consider that the Software Agreement and the transactions contemplated thereunder are in the ordinary course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole.

Listing Rules implication of the Software Agreement

STCTS is a connected person of the Company under the Listing Rules.

The software and related services are provided by Crown under the Software Agreement on an ongoing basis and constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules. Since the annual caps for the two years ending 31 December 2008 and 2009 will be more than 0.1% but less than 2.5% of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, the Software Agreement will be subject to reporting and announcement requirements but exempt from independent shareholders' approval requirement. Appropriate disclosure of the transactions will be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

(C) MASTER LEASING AGREEMENTS

On 14 November 2007, the Company entered into the STC Master Leasing

Agreement and the STS Master Leasing Agreement with STC and STS respectively pursuant to which the Group will continue to rent premises at the Property from STC and STS (as landlords). The two Master Leasing Agreements are on identical terms as follow:

Term

The Master Leasing Agreements take effect from 14 November 2007 to 31 December 2009 and are thereafter renewable for successive terms of three years unless terminated by either party in writing.

Major terms

Pursuant to the Master Leasing Agreements, each of STC and STS agrees to lease to the Group and the Group agrees to lease from each of STC and STS certain premises at the Property in accordance with the following terms:

- (a) in respect of the Leases which have not expired as at the date of the Master Leasing Agreements, all terms agreed among the parties thereto in respect of such Leases shall remain in full force and effect notwithstanding the terms of the Master Leasing Agreements;
- (b) save for the existing Leases, if STC or STS (as the case may be) shall at the request of the Group agree to renew or lease additional premises at the Property to the Group, the new Leases shall be in accordance with the terms of the Master Leasing Agreements and be subject to the subsequent agreement of the terms and conditions by the parties thereto in relation to each particular premises. The new Leases shall be recorded in writing for a fixed term of not more than three years (unless justified by special circumstances), on normal commercial terms or on terms no less favorable than terms made available by STC or STS (as the case may be) to independent third parties; and
- (c) the leasing of the premises at the Property by STC or STS (as the case may be) to the Group is on a mutually non-exclusive basis.

Rental

The rental for each of the premises at the Property to be leased by any member of the Group from STC or STS (as the case may be) during the term of the Master Leasing Agreements shall be determined with reference to market rate and on terms no less favorable than those that would be made

available by STC or STS (as the case may be) to independent third parties, taking into account the location, area and other particulars of the relevant premises.

Annual caps for the rental expenses under the Master Leasing Agreements

The annual caps on total rental expenses payable to STC under the STC Master Leasing Agreement are set at HK\$8.8 million, HK\$15.9 million and HK\$20.4 million for the three years ending 31 December 2007, 2008 and 2009 respectively.

The applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules in respect of the annual total rental expenses payable to STS in 2007 are estimated to be below 0.1%. The annual caps of total rental expenses under the STS Master Leasing Agreement are set at HK\$5.3 million and HK\$7.2 million for the two years ending 31 December 2008 and 2009 respectively.

To the best knowledge of the Directors, STS and STC are not parties connected or associated with each other (as defined under the Listing Rules) and therefore the rental expenses payable to STS and STC should not be aggregated under Rules 14A.26 or 14A.27 of the Listing Rules.

These annual caps have been determined by reference to (i) the existing Leases between the Group and STC and STS; (ii) the historical aggregate annual rental expenses payable by the Group to STC and STS; (iii) the expansion of the Group's business; and (iv) the anticipated increasing market trend of rentals.

Reasons for the Master Leasing Agreements

The Group has been renting certain premises at the Property for their offices and selling points for Ferry Tickets. STC is the registered owner of certain office premises and shops at the Property. STS is the registered owner of certain office premises at the Property. Both STC and STS are engaged in the business of property investment and investment holding. The Group anticipates that it will continue to rent premises at the Property from STC and STS in the normal course of its business. Terms of the Leases will be based on arm's length negotiations between the parties and rentals will be determined by reference to the then-current market rent for comparable units at the Property. The Directors consider that entering into the Master Leasing Agreements is in the ordinary and usual course of business of the Group, on

normal commercial terms which are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Listing Rules implication of the Master Leasing Agreements

STC is beneficially owned as to 10% by Dr. Ho, 45% by STDM and 45% by a subsidiary of NWD. By virtue of the substantial interests of Dr. Ho and STDM in the Company, STC is a connected person of the Company.

STS is a substantial shareholder of the Company and is therefore a connected person of the Company.

It is anticipated that the annual caps for rental expenses payable by the Group to each of STC and STS under the Master Leasing Agreements will exceed 0.1% but less than 2.5% threshold of each of the applicable percentage ratios (other than the profit ratio) of the Company as set out in Rule 14A.34(1) of the Listing Rules. Accordingly, the Master Leasing Agreements are subject to the reporting and announcements requirements but exempt from independent shareholders' approval. Appropriate disclosure of the transactions contemplated under the Master Leasing Agreements will be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

(D) CONSULTANCY AGREEMENT

STP has managed the Property since 1986. In January 1987, STP executed an agreement with Kiu Lok to engage Kiu Lok as a consultant to advise and assist in its management of the Property for an indefinite term. On 12 November 2007, STP executed the Consultancy Agreement with Kiu Lok to terminate the aforesaid agreement and to engage Kiu Lok's consultancy services on the following principal terms:

Date 12 November 2007

Parties (i) STP (as manager of the Property); and
(ii) Kiu Lok (as consultant to STP)

Term Takes effect from 12 November 2007 to 31 December 2009 with option to Kiu Lok to renew for a further term from 1 January 2010 to 3 March 2011.

Scope of services

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

Consultancy Fee

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

Annual caps

For each of the two years ended 31 December 2005 and 2006, the Consultancy Fee paid to Kiu Lok was HK\$4.4million and HK\$4.8million 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, the annual caps on the Consultancy Fee for each of the three years ending 31 December 2007, 2008 and 2009 are set at HK\$6.3 million, HK\$6.4 million and HK\$6.5 million respectively.

Reasons for the Consultancy Agreement

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

Listing Rules implication in respect of the Management Agreement

Kiu Lok is a non wholly-owned subsidiary of NWD. NWD is a substantial Shareholder of Ranex Investments Limited, a non wholly-owned Subsidiary. Kiu Lok is accordingly a connected person of the Company under the Listing

Rules. The consultancy services to be provided by Kiu Lok under the Consultancy Agreement are on an ongoing basis and constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules. Since the annual caps on the Consultancy Fee for each of the three years ending 31 December 2007, 2008 and 2009 will exceed 0.1% but less than 2.5% of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, the Consultancy Agreement is subject to reporting and announcement requirement but exempt from independent shareholders' approval requirement. Appropriate disclosure of the transaction contemplated under the Consultancy Agreement will be made in the annual reports and accounts of the Company in accordance with the Listing Rules.

III GENERAL

An independent board committee will be constituted to advise the Independent Shareholders relating to the STDM Transactions, the Fuel Arrangement, the Increased Cap and the relevant annual caps. An independent financial adviser will be appointed to advise the independent board committee of the Company in this regard.

A circular containing further information on STDM Transactions and the Fuel Arrangement, the respective annual caps including the Increased Cap, the recommendation of the independent board committee, the opinion letter from the independent financial adviser to the independent board committee and the Independent Shareholders and notice of the EGM, will be dispatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“Agency Agreements”	the Wincent Agency Agreement and the CTSHK Agency Agreement
“Board”	the board of Directors of the Company
“China Travel”	China Travel International Investment Hong Kong Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange (Stock code: 308)
“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)
“Commissions”	the Wincent Commissions and/or the CTSHK Commissions as the context permits
“Consultancy Agreement”	the agreement dated 12 November 2007 entered into between STP and Kiu Lok for the provision of consultancy services by Kiu Lok in connection with the management of the Property
“Consultancy Fee”	The consultancy payable by STP to Kiu Lok under the Consultancy Agreement, being 50% of the Manager’s Remuneration receivable by STP under the Management Agreement
“Crown”	Crown Development Limited, a company incorporated in Hong Kong and a wholly-owned Subsidiary
“CTSHK”	China Travel Service (Hong Kong) Limited, a company incorporated in Hong Kong and a subsidiary of China Travel
“CTSHK Agency Agreement”	the joint general sales agent and business development agreement dated 12 November 2007 entered into between STCTS and CTSHK in connection with the sale of Ferry Tickets by CTSHK as agent for STCTS
“CTSHK Commissions”	the commissions payable by STCTS to CTSHK pursuant to the Wincent Agency Agreement and agreed to be 2% of Net Total Sales
“Designated Agent”	a member of the Group with whom STCTS has (or will), at the request of Wincent, entered into an agency agreement to sell Ferry Tickets
“Director(s)”	the directors, including independent non-executive directors, of the Company
“Discount”	the discount granted by STCTS to STDM pursuant to the SAA Extension on STDM Ticket Purchases
“Dr. Ho”	Dr. Stanley Ho, a substantial Shareholder and the Chairman of the Company

“EGM”	the extraordinary general meeting to be convened by the Company for the purpose of considering and (if thought fit) approving the SAA Extension, the FAA Extension, the respective annual caps and the Increased Cap
“Ferry Tickets”	tickets for the STCTS Ferry Services
“FAA Extension”	the amendment agreement entered into by STCTS and STDM on 12 November 2007 for the purpose of renewing the Fuel Arrangement Agreement
“Fuel”	Marine industrial diesel oil
“Fuel Arrangement”	the supplying and loading of the Fuel onto STCTS Vessels at the Terminal by STDM pursuant to the Fuel Arrangement Agreement
“Fuel Arrangement Agreement”	the agreement between STCTS and STDM in relation to the Fuel Arrangement dated 23 December 2004, as renewed by the FAA Extension
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increased Cap”	the increased cap on Fuel Arrangement Fee from HK\$310 million to HK\$350 million for the financial year ending 31 December 2007
“Independent Shareholders”	Shareholders other than STDM, Dr. Ho and their respective associates and any other connected person (if any) with a material interest in the STDM Transactions and the Fuel Arrangement
“Interdragon”	Interdragon Limited, a company incorporated in the British Virgin Islands 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 and an indirect non-wholly owned subsidiary of NWD

“Leases”	the existing leasing agreements entered into between Subsidiaries and STC [or STS] for the rental of premises at the Property and any other leasing agreements to be entered into between Subsidiaries and STC [or STS] with terms in accordance with the Master Leasing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“Management Agreement”	the agreement dated 17 February 2006 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 STC Master Leasing Agreement and the STS Master Leasing Agreement
“Net Total Sales”	total receipts from customers for the sale of Ferry Tickets on all routes of STCTS Ferry Services less any discounts and concessions on ferry tickets agreed by STCTS, and any taxes, fees or levies paid thereon to any government or ferry terminal operator
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability and whose shares 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-story carpark, located at Nos. 168-200, Connaught Road Central, Hong Kong
“SAA Extension ”	the amendment agreement entered into by STCTS and STDM on

	12 November 2007 renewing the STDM Agency Agreement
“Shares”	shares of HK\$0.25 each in the capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Software Agreement”	the agreement dated 12 November 2007 between STCTS and Crown in connection with the provision of the software, online system and related services by Crown to STCTS for the sale of Ferry Tickets through internet online system
“Software Fee”	the fee payable by STCTS to Crown pursuant to the Software Agreement
“STC”	Shun Tak Centre Limited, a company incorporated in Hong Kong and a connected person of the Company under the Listing Rules
“STC Master Leasing Agreement”	the agreement dated 14 November 2007 entered into between the Company and STC for the leasing of premises at the Property Agreement”
“STCTS”	Shun Tak-China Travel Shipping Investments Limited, a company incorporated in the British Virgin Islands and a non wholly-owned Subsidiary, with 71% of its issued share capital owned by Interdragon and the remaining 29% issued share capital indirectly owned by China Travel
“STCTS Ferry Services”	The ferry services operated by the STCTS Group in the context of which the Ferry Tickets are sold
“STCTS Group”	STCTS and its subsidiaries
“STCTS Vessels”	the vessels managed and operated by the STCTS Group at the Terminal
“STDM”	Sociedade de Turismo e Diversões de Macau, S.A., a company incorporated in Macau and a substantial Shareholder
“STDM Agency Agreement”	the agency agreement entered into between STCTS and STDM in relation to the STDM Transactions dated 3 June 1999, as amended on 29 April 2002, 4 December 2004 and renewed by the SAA Extension
“STDM”	the commissions payable by STCTS to STDM pursuant to the

Commissions”	STDM Agency Agreement and the SAA Extension for acting as its exclusive agent for the sale of Ferry Tickets at the Terminal and as a non-exclusive agent for the sale of Ferry Tickets at directly operated ticketing counters in the rest of Macau
“STDM Ticket Purchases”	the purchase of Ferry Tickets by STDM from the STCTS Group for its own account
“STDM Transactions”	the (1) sale of Ferry Tickets by STDM as agent for and on behalf of STCTS with STDM Commissions; and (2) STDM Ticket Purchases subject to the Discount pursuant to the STDM Agency Agreement and the SAA Extension
“STP”	Shun Tak Properties Limited, a company incorporated in Hong Kong and a wholly-owned Subsidiary
“STS”	Shun Tak Shipping Company, Limited, a company incorporated in Hong Kong and a substantial Shareholder
“STS Master Leasing Agreement”	the agreement dated 14 November 2007 entered into between the Company and STS for the leasing of premises at the Property
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary” or “Subsidiaries”	Subsidiaries (whether directly or indirectly owned) within the Group
“Terminal”	Macau Outer Harbour Terminal, Macau
“US\$”	United States dollars, the lawful currency of the United States of America
“Wincent”	Wincent Limited, a company incorporated in Hong Kong and a wholly-owned Subsidiary
“Wincent Agency Agreement”	the joint general sales agent and business development agreement dated 12 November 2007 entered into between STCTS and Wincent in connection with the sale of Ferry Tickets by Wincent as agent of STCTS

“Wincent Commissions” the commissions payable by STCTS to Wincent pursuant to the Wincent Agency Agreement and agreed at 2% of Net Total Sales

“%” per cent.

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

Hong Kong, 14 November 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.